

Department of the Navy
The ABC's of Acquisition Reform
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Course Overview

Course Objectives

- By the end of the course, the participants will be able to:
 - Summarize the background in the DON acquisition system and reform efforts to date
 - Discuss the target areas and initiatives of the Department of Navy's ABC's of acquisition reform
 - Apply the DON ABC's of acquisition reform in a variety of acquisition scenarios
-

Course Purpose:

The Department of the Navy Acquisition Reform Course is designed to provide participants with knowledge of the target areas and initiatives aimed at transforming the way the DON accomplishes its acquisition function. The course is one of the first steps in preparing the entire DON acquisition workforce to accept the challenge of acquisition reform and to create the environment for change. Initial emphasis will be on changes which are within the immediate authority and power of DON. The course will be conducted in a small group setting to provide all the participants an opportunity to experience the application of acquisition reform in a selected exercise.

Course Theme:

The Department of the Navy acquisition system has been subjected to intense internal and external scrutiny over the last decade. The dynamic changes to Operational Forces requirements and the resulting reductions in the DON's budgets require the Department to review and revise its acquisition system. The Department must engage, with a sense of urgency, in a comprehensive reform of its acquisition system, founded on certain groundbreaking DOD/DON target areas and initiatives. The DON acquisition reform will be perpetuated by sending a message to all DON employees to continue to raise the standard of the DON's conduct of acquisition business above and beyond the initial steps in the effort.

Module 1: Acquisition Reform Priorities

Module Objectives

- Discuss current DON acquisition reform activities and priorities
- Discuss the target areas of the effort with a DON acquisition reform executive

1-1

Module Theme:

The participants will become a part of the ever-growing number of DON personnel charged with following through on DON's acquisition reform effort. They must have an opportunity to see and hear part of the executive discussions which took place that formed the initiative, as well as having the opportunity to voice their thoughts, concerns, and suggestions about the effort to a person in a position to act on their ideas. The participants should also be given an opportunity to identify some of the real world problems they might encounter.

Training Method:

- Video of DON acquisition reform executives' kick-off meeting
- Presentation by DON executive

Module Contents:

- 1.1 Video "DON Acquisition Reform Kick-Off Meeting"
- 1.2 DON Acquisition Reform Speaker

1.1 Video “DON Acquisition Reform Kick-Off Meeting”

DON Acquisition Reform Kick-Off

Highlights:

- **There is a need for change**
- **The DON can change**
- **The basics for acquisition reform are the ABC's**
 - Advanced technology insertion
 - Best commercial practices
 - Cost reduction
- **Everyone must get involved**

1-2

On October 3, 1994, Mr. John Deutch, Under Secretary of Defense; Mr. John Dalton, Secretary of the Navy; and Ms. Nora Slatkin, Assistant Secretary of Navy kicked off the acquisition reform initiative for the Department of Navy.

1.2 DON Acquisition Reform Speaker



The senior level acquisition leader will highlight the acquisition reform initiatives of the DON and the initiatives unique within your command.

Questions and answers will be fielded from the participants.

- The speaker might be able to give more insight to the stated objectives of acquisition reform.
- The speaker might be able to clarify points brought out in the video.

Module 2: The Acquisition Process

Module Objectives

By the end of this module, the participants will be able to:

- Describe the difficulties inherent in the current way of doing DON's acquisition business

2-1

Module Theme:

Before any in-depth discussions of the goals and target areas of DON acquisition reform, it is important to quickly review the current acquisition process. It is particularly important to identify the barriers presented by the current process which preclude or inhibit efficient and effective acquisition.

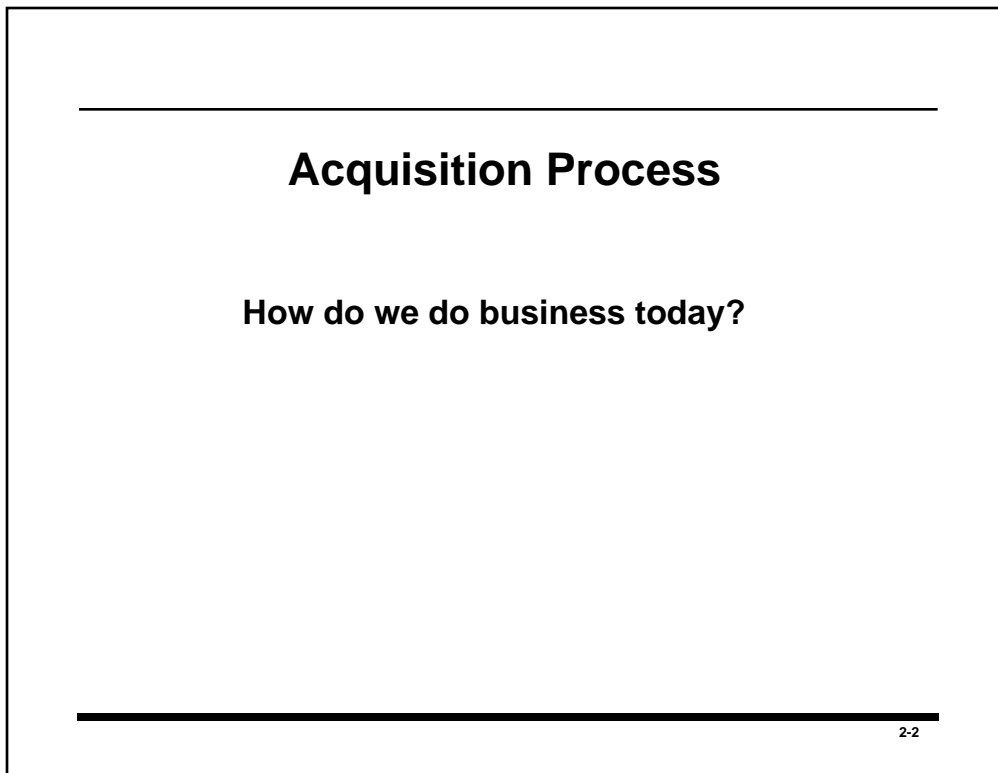
Training Method:

- Instructor-led review
- Small group activity — analyze acquisition process
- Small group presentation — identification of barriers
- Instructor wrap-up

Module Content:

- 2.1 Review of the Current Acquisition Process
- 2.2 Small Group Activity — Acquisition Process Barriers

2.1 Review of the Current Acquisition Process



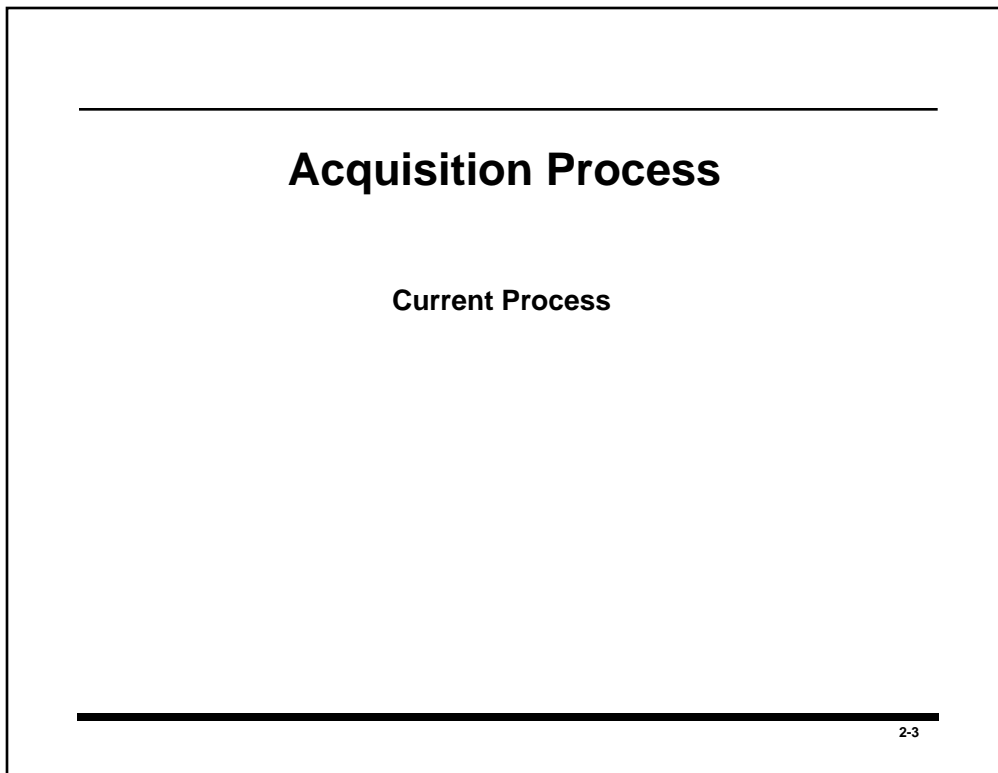
Most acquisition programs in the Department of the Navy have a complex agenda of items with which to contend. Besides the everyday issues which arise in program initiation, planning, design and engineering, contract management, manufacturing, etc., managers must respond to budget reductions, manpower problems, participative manager support, and myriad issues from external sources. An acquisition manager feels like everyone expects him/her to be all things to all people at all times.

On top of all the “routine” issues, an acquisition manager and his/her program must respond to world events which change their effort, and even, perhaps, their mission. Some acquisitions are no longer needed; some must be drastically changed. World events within the last decade have altered the Nation’s thoughts about the Department of Defense. Its operating forces are being altered and reduced.

Companies who traditionally have done business with DON are changing also. Companies are changing in such a way that DON’s industrial base is significantly different today than it was five years ago and those changes are expected to continue.

For the modified industrial base to be accessible to the DON, we have to look candidly at our acquisition process. What can we do to make the process viable for the beginning of the next century?

2.1 Review of the Current Acquisition Process (continued)



The current DOD/DON acquisition process is shown on the chart displayed in the classroom. The process shown is very formalized and structured. The need for structure was dictated by the apparent need for standardization of administering the process, and the ability to “keep score.” In other words, how was each program progressing through the maze?


As you can see, the process is punctuated by a series of milestones and reviews. Some programs have been caught up in the “wickets” to such an extent that the progress needed to capitalize on technology or a company’s availability may be lost.

Contractors say they can be so tied up in providing information that efforts needed elsewhere for program success are unavailable.

2.2 Small Group Activity — Acquisition Process Barriers

Individual Exercise

Barriers that Impact the Acquisition Process



2-4

Up to this point, we have been encouraging you to consider how to implement acquisition reform. It would be unfair to continue this course without allowing you to look at the current acquisition process and to ask you to consider ways that the current process presents “barriers” to efficient and effective acquisition management.


Instruction

Review the current acquisition process (shown on the chart displayed in the classroom) and work on your own to develop a list of barriers to efficient and effective acquisition management presented by that process.

2.2 Small Group Activity — Acquisition Process Barriers (continued)

Group Table Exercise

Develop a composite list of three to five barriers to doing business better (instituting acquisition reform)



2-5

Instruction

The instructor will divide the class up into small work groups. Each group will select a leader/presenter. Then each group will consider each of the individually generated lists of barriers, reaching consensus on 3 to 5 “top barriers.” Each group will then present their findings to the assembled class for discussion.

Module 3: Acquisition Reform

Module Objectives

By the end of this module, participants will be able to:

- Understand *why* acquisition reform is necessary
- Explain the *what* of acquisition reform, i.e., the core objectives
- Recognize who is responsible for acquisition reform
- Discuss how acquisition reform is to be implemented
- Recognize the various target areas in DON's ABC's of acquisition reform

3-1

Module Theme:

The DON has selected several goals and target areas to set the foundation for change in our business culture. These are directly in line with SECDEF's reform correspondence. The goals and target areas have been organized in an easily recognized framework in which higher level initiatives are supported by several lower level principles. This framework has been designated "the ABC's of DON Acquisition Reform." Initial implementation emphasis will be on specifications and standards and EC/EDI.

Training Methods:

- Instructor-led discussions

Module Contents:

- 3.1 Why Acquisition Reform?
- 3.2 What — Acquisition Reform Objectives
- 3.3 Who is Responsible?
- 3.4 How is Acquisition Reform to be Implemented?
- 3.5 Acquisition Reform Target Areas
- 3.6 Summary

3.1 Why Acquisition Reform?

3.1.1 SECDEF Position

Why Acquisition Reform?

“DOD has been able to develop and acquire the best weapons and support systems in the world, . . . not because of the acquisition system, *but in spite of it!*”

— Secretary of Defense Perry



The illustration shows a dark blue Navy ship on the left and a blue and grey fighter jet on the right. The ship has a green dot on its upper structure. The jet is shown from a side profile, facing left. The entire content is enclosed in a black rectangular frame.

3-2

In the past year, Dr. Perry has made numerous presentations, testified to Congress, and issued many policy documents all related to the need for reforming the acquisition process in DOD. SECDEF's position and the alignment of all of the senior acquisition executives in DOD and the Military Services with the position, indicate that acquisition reform will be sustained until it is finished.

3.1 Why Acquisition Reform? (continued)

3.1.2 DUSD(AR) Position

DOD's Acquisition Dilemma

- **Often unable to acquire state-of-the-art technology**
- **Often unable to buy from commercial companies**
- **Cost of doing business is too great**
- **Acquisition system is too complex, too cumbersome,**
- **and too lengthy**

— Colleen Preston, DUSD(AR)*

3-3

The Deputy Under Secretary of Defense for Acquisition Reform has stated to Congress that:

- DOD is often unable to acquire state-of-the-art technology.
- DOD is often unable to buy from commercial companies — even when their costs are cheaper or the commercial product is the only one DOD can get to meet its needs.
- DOD's costs of doing business are too great.
- DOD's acquisition system is a complex web of laws, regulations, and policies adopted for laudable reasons over many years. The combined result is a system that is too cumbersome and takes too long to satisfy customer requirements. In addition, the system adds cost to the product procured in terms of the administrative burden placed both on DOD and our suppliers.

* Statement to Subcommittee on Procurement, Taxation, and Tourism of House Committee on Small Business, February 1, 1994

3.1 Why Acquisition Reform? (continued)

3.1.3 DOD's Acquisition Imperative

DOD Acquisition Imperative

- **Customers' needs have been changed by world events; rethink how to buy goods and services**
- **Balance the costs of oversight with the benefits to be realized**
- **Better integrate the commercial and defense industrial bases**

— Colleen Preston, DUSD(AR)*

3-4

* Statement to the American Bar Association, 1994

3.1 Why Acquisition Reform? (continued)

3.1.4 DOD's Challenge

DOD Challenge

“There must be a carefully planned, fundamental reengineering of each segment of the acquisition system if we are going to be able to respond to the demands of the next decade.”

— Colleen Preston, DUSD(AR)*

3-5

* Statement to Subcommittee on Procurement, Taxation, and Tourism of House Committee on Small Business, February 1, 1994.

DUSD(AR) has developed a comprehensive plan for reengineering the DOD acquisition process. The plan was publicly outlined by DUSD(AR) at a conference sponsored by the Defense Acquisition University in October 1994. The outline is provided in section ? of this Module.

3.2 What — Acquisition Reform Objectives

3.2.1 DOD Objectives

Acquisition Reform Objectives

- **Maintain technical superiority and a strong National industrial base**
 - Rapidly acquire state-of-the-art products & technology
 - Convert defense-unique firms to dual-use production
 - Transfer military technology to the commercial sector
 - Preserve defense-unique core capabilities
 - Integrate, broaden, and maintain a National industrial base
- **Reduce acquisition costs**
 - Adopt world-class business processes
 - Avoid Government-unique terms and conditions
 - Reduce acquisition infrastructure

3-6

DOD must maintain its technological superiority and a strong, globally-competitive national industrial base that can support the Nation's future defense needs by being able to:

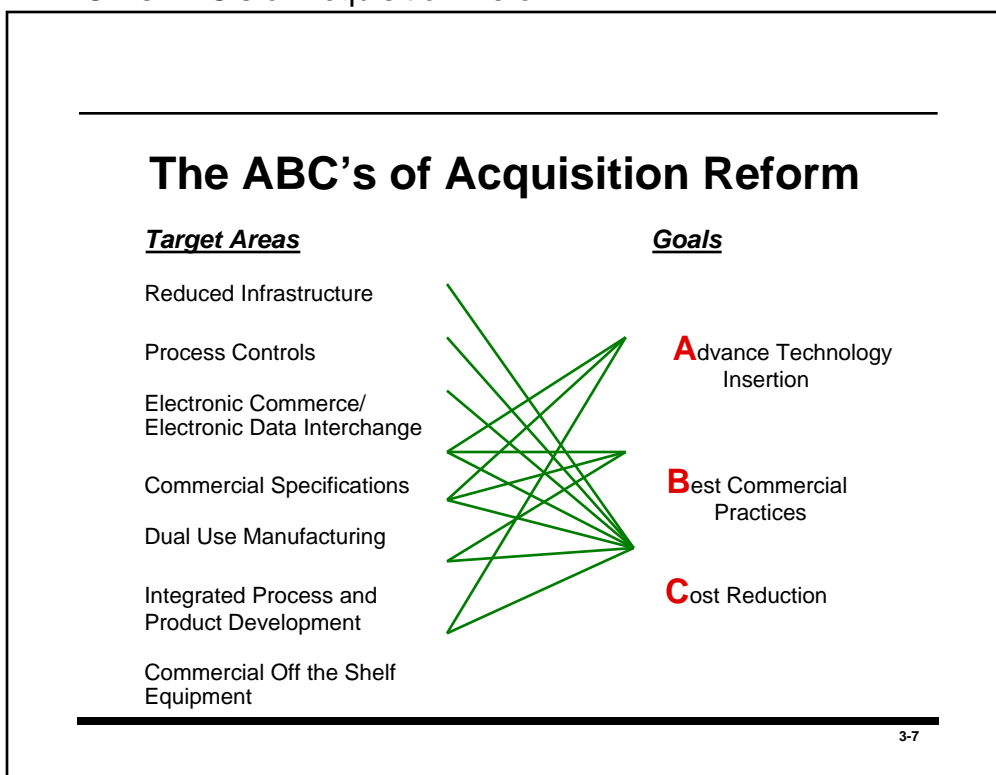
- Rapidly purchase commercial and other state-of-the-art technology and products.
- Assist U.S. companies who are now predominantly dependent on DOD business to transition to dual use production.
- Aid in the transfer of military technology to the commercial sector.
- Preserve defense-unique core capabilities.

DOD must also reduce acquisition costs through the adoption of business practices characteristic of world-class customers:

- DOD must be freed from having to apply certain Government-unique terms and conditions on its suppliers.

3.2 What — Acquisition Reform Objectives (continued)

3.2.2 DON's ABC's of Acquisition Reform



3.2 What — Acquisition Reform Objectives (continued)

3.2.2 DON's ABC's of Acquisition Reform (continued)

DON Acquisition Reform Framework— The ABC's

A — Advanced Technology Insertion

3-8

Advanced Technology Insertion — DON will shorten the time it takes to get needed technologies, including commercially-developed technologies, from concept definition to fleet introduction.

3.2 What — Acquisition Reform Objectives (continued)

3.2.2 DON's ABC's of Acquisition Reform (continued)

DON Acquisition Reform Framework— The ABC's

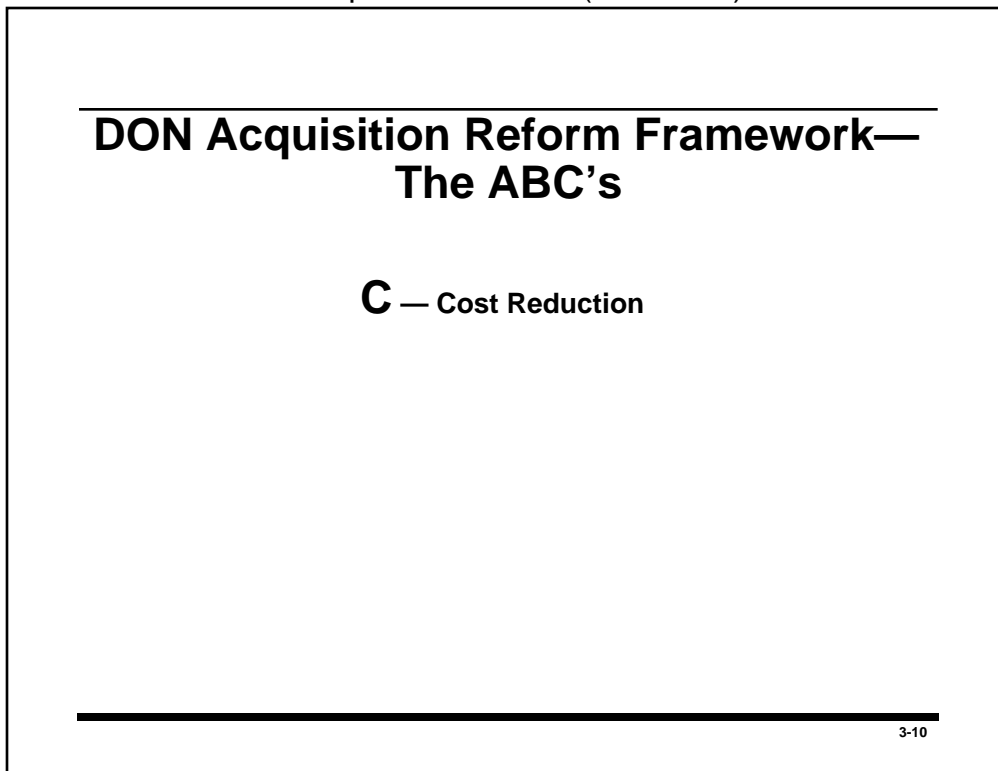
B — Best Commercial Practices

3-9

Best Commercial Practices — DON will reduce its reliance on military specifications and standards. DON will work with, and learn from, its industry partners to streamline all of our acquisition processes. The backbone of this concept is the initiative called “integrated product and process development.”

3.2 What — Acquisition Reform Objectives (continued)

3.2.2 DON's ABC's of Acquisition Reform (continued)



Cost Reduction — DON will stress reduced costs to “acquire, operate, and support” in all aspects of system design as well as in its acquisition strategies.

3.3 Who is Responsible?

3.3.1 Entire Acquisition Workforce

Who is Responsible?

**Acquisition Reform applies to everyone
involved in acquiring products for the
Department of Defense**

Everyone's Responsibility!

3-11

To be successful, acquisition reform requires participation by everyone in the acquisition community. Acquisition reform requires everyone take the initiative in improving every process in the acquisition system.

3.3 Who is Responsible? (continued)

3.3.2 Structured Approach

Structured Approach

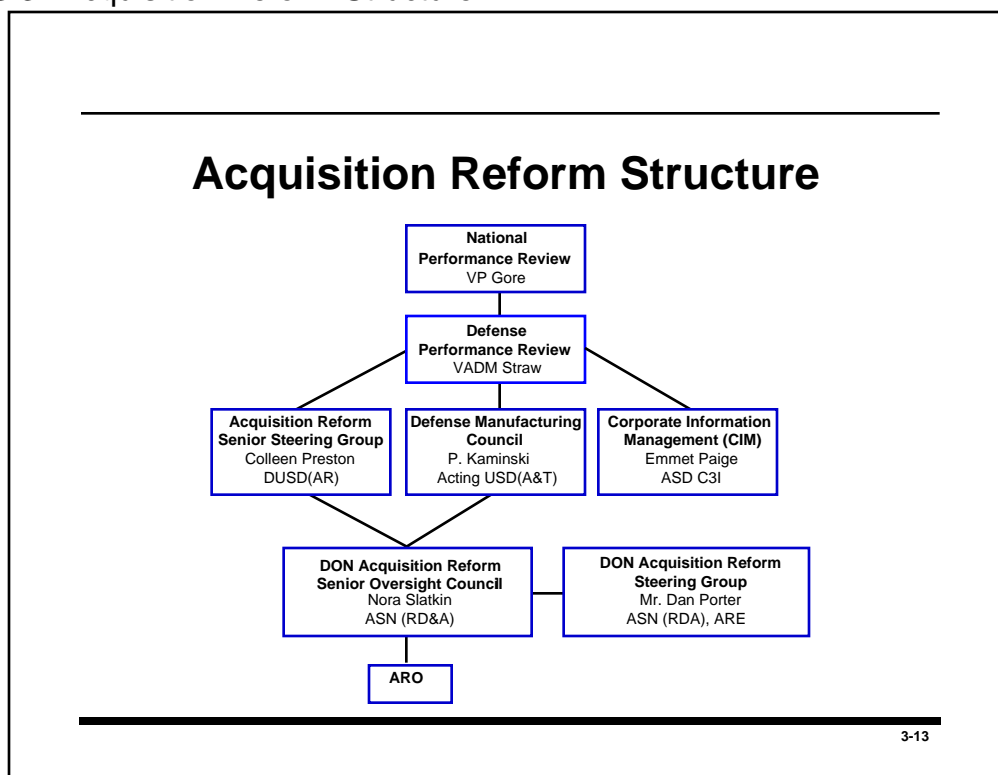
- **Deputy Under Secretary of Defense for Acquisition Reform**
 - Mrs. Colleen Preston, DUSD(AR)
- **Navy Point of Contact for Acquisition Reform**
 - Mr. Dan Porter, Navy Acquisition Reform Executive (ASN, RD&A) ARO
- **Three main working bodies**
 - DOD Acquisition Reform Senior Steering Group
 - DON Acquisition Reform Senior Oversight Council
 - DON Acquisition Reform Steering Group

3-12

An aligned organizational structure has been established to help guide the DOE and DON acquisition reform efforts. The DON members of these acquisition reform groups are shown in Appendix D.

3.3 Who is Responsible? (continued)

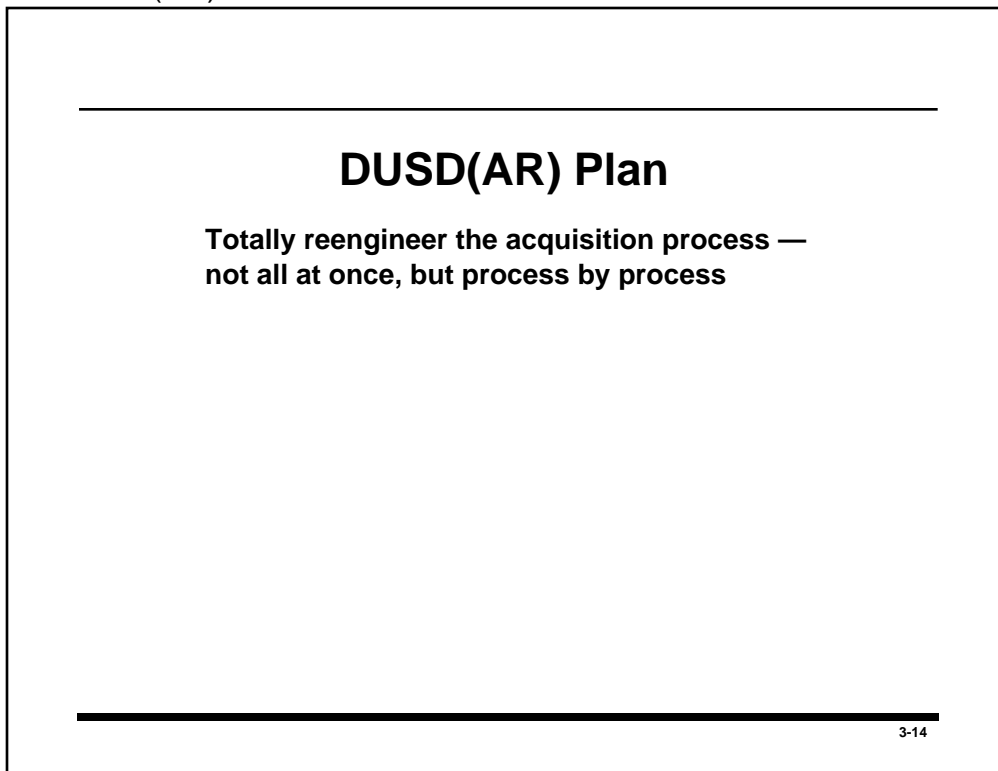
3.3.3 Acquisition Reform Structure



The organization chart shown above shows the people and groups joined together to see acquisition reform through to completion.

3.4 How is Acquisition Reform to be Implemented

3.4.1 DUSD(AR) Plan



DUSD(AR)'s plan, which is partially outlined in the following pages, contains rounds (read that as phases). The rounds, 1, 2 and 3, address first the “low hanging fruit” or opportunities to quickly effect change; second longer term efforts in which work is just starting; and additional issues to be identified, i.e., continuous process improvement. The DUSD(AR) planning process is continuing. More information will be published as it is completed.

3.4 How is Acquisition Reform to be Implemented (continued)

3.4.2 DOD Goals

DOD Goals

- I. Enhance the needs (requirements) determination processes (what we buy)**
 - II. Improve the systems acquisition process (how we buy)**
 - III. Improve the procurement process (how we buy)**
 - IV. Improve contract administration (how we buy)**
 - V. Improve Government contract terms and conditions (legal, pricing and finance issues) (under what terms and conditions we buy)**
 - VI. Change the culture**
 - VII. Define measures of success — metrics**
 - VIII. Enabling actions**
-

3-15

DOD has identified eight near term goals on the path towards the acquisition reform objectives. The following plan outline addresses most of the sub-goals (identified with an A, B, C...) for each of the eight goals and some of the rounds for the sub-goals.

3.4 How is Acquisition Reform to be Implemented (continued)

3.4.3 Needs Determination Process

DOD Acquisition Reform Goals and Execution

I. Enhance the needs (requirements) determination process (what we buy)

A. Specifications and standards

Round 1

- » Specifications and standards PAT
- » SECDEF memo issued June 29, 1994
- » Use performance, then non-Government, then military specs or standards

Round 2

- » Implementation — Standards Improvement Council

3-16

The acquisition process starts with a determination of needs and an expression of what it will take to satisfy those needs, i.e., specifications and standards. DOD's initial efforts in the needs determination area concentrated in studying and "reengineering" the specifications and standards process(es).

3.4 How is Acquisition Reform to be Implemented (continued)

3.4.3 Needs Determination Process (continued)

DOD Acquisition Reform Goals and Execution

I. Enhance the needs (requirements) determination process (what we buy)

B. Process integration

Round 2

- » Integration of needs (requirements) determination, resource allocation (PPBS), and acquisition processes
 - PAT charter being developed and awaiting guidance from new USD (A&T) when confirmed

3-17

The DOD needs determination process is disjointed. The next area of concentration in this area is the integration of the needs determination process. A charter is being developed for a PAT in this area.

3.4 How is Acquisition Reform to be Implemented (continued)

3.4.4 Systems Acquisition Process

DOD Acquisition Reform Goals and Execution

II. Improve the systems acquisition process (how we buy)

A. Commercial practices

Round 1

- » Regulatory relief for pilot programs
- » Legislative relief for pilot programs

Round 2

- » Make regulatory relief the norm

3-18

DOD is focusing considerable effort in exploring the use of commercial practices in systems acquisition. In many cases, both regulatory and legislative relief is required in order to adopt some commercial practices.

3.4 How is Acquisition Reform to be Implemented (continued)

3.4.4 Systems Acquisition Process (continued)

DOD Acquisition Reform Goals and Execution

II. Improve the systems acquisition process (how we buy)

B. Improve Milestone Decision-Making processes

Round 2

- » PAT established September 1994
 - Short term: “clean sheet of paper”
approach to ascertain minimum
information needs of Services and OSD
given existing Milestones
 - Longer term: reexamine Milestone
phases/decision points (PAT)

3-19

The current Milestone Decision-Making processes adds unnecessary hurdles to the acquisition process. MDA “rules” and processes are being studied to unburden the process.

3.4 How is Acquisition Reform to be Implemented (continued)

3.4.4 Systems Acquisition Process (continued)

DOD Acquisition Reform Goals and Execution

II. Improve the systems acquisition process (how we buy)

C.Streamline and make more realistic and effective, developmental, live fire and operational testing legislation

Round 1

- » Changes developed (subject to review and approval by new DOT&E)

Round 2

- » Get legislative changes adopted

3-20

Over the last decade, there have been many regulatory and legislative requirements levied on DOD acquisition managers in the area of test and evaluation. An effort is ongoing to streamline the requirements and procedures for this very time-consuming and expensive area.

3.4 How is Acquisition Reform to be Implemented (continued)

3.4.4 Systems Acquisition Process (continued)

DOD Acquisition Reform Goals and Execution

II. Improve the systems acquisition process (how we buy)

D. Provide more funding flexibility and stability

Round 3

E. Improve realism in project planning

Round 3

F. Reduce time to field systems and provide for infusion of
new technology

Round 3

G. Improve management of joint service programs

Round 3

H. Improve management of cooperative and FMS programs

Round 3

3-21

Many additional systems acquisition process issues have been identified for future resolution.

3.4 How is Acquisition Reform to be Implemented (continued)

3.4.5 Procurement Process

DOD Acquisition Reform Goals and Execution

III. Improve the procurement process (how we buy)

B. Use technology to enable reengineering

Round 1

- » Develop plan to provide enabling technology
 - EC/EDI PAT

Round 2

- » Implementation of EC/EDI PAT recommendations
 - 249 sites within 2 years
 - Hubs/megacenters/network points operational September 1994
 - Program Office stand up, September 1994
-

3-22

The current procurement laws and regulations add considerable time and expense to the acquisition process. The use of outmoded, paper-driven procedures adds to that already cumbersome process.

DOD is aggressively adopting electronic commerce and electronic data interchange technology to enhance the procurement process.

3.4 How is Acquisition Reform to be Implemented (continued)

3.4.5 Procurement Process (continued)

DOD Acquisition Reform Goals and Execution

III.Improve the procurement process (how we buy)

C.Ensure better cost, schedule, and performance adherence
for major systems

Round 3

D.Develop a method of pricing sole source and
noncommercial items contracts

Round 3

E. Provide incentives for managing long-term sole source
contracts

Round 3

F. Improve the software procurement process

Round 3

3-23

The above are additional issues to be addressed to improve the DOD procurement processes.

3.4 How is Acquisition Reform to be Implemented (continued)

3.4.6 Contract Administration

DOD Acquisition Reform Goals and Execution

IV. Improve contract administration (how we buy)

A. Shift from inspection to process control to results orientation

Round 1

- » Sec Def memo allowing use of any acceptable quality system (e.g., ISO 9000), February 14, 1994

3-24

For years, DOD used inspection as a means of ensuring quality products. The latest practices in industry have strongly endorsed the idea of reviewing contractors process capabilities and procedures for control of processes instead of relying solely on inspection.

SECDEF allowed the use of any quality system, including ISO 9000, thus bringing DOD more in line with commercial practices in this area.

3.4 How is Acquisition Reform to be Implemented (continued)

3.4.6 Contract Administration (continued)

DOD Acquisition Reform Goals and Execution

IV.Improve contract administration (how we buy)

B. Ensure oversight and review of contractor management add value and are minimally obtrusive

Round 2

- » Contract administration PAT
 - Identification of customer needs
 - Facilitate early involvement of contract administration resources
 - Simply management of Government property
 - Improve oversight of contractor overhead costs
 - Improve contract payment process
 - Improve contract closeout

3-25

DOD's past practices in the area of oversight and review added considerable cost to all acquisitions without always producing commensurate value. In addition, DOD's oversight actually interfered with contractors' efforts to improve productivity.

3.4 How is Acquisition Reform to be Implemented (continued)

3.4.7 Contract Terms and Conditions

DOD Acquisition Reform Goals and Execution

V. Improve contract terms and conditions (legal, pricing, and financing issues)

A. Eliminate, to the maximum extent practicable, Government unique terms and conditions

Round 1

- » Federal Acquisition Streamlining Act of 1994

Round 2

- » FAR and DFARS rewrite

3-26

DOD's efforts to adopt commercial practices includes an effort to review and eliminate, if it is good business, any Government unique contract terms and conditions. The FASTA of 1994 did a lot in this area. Now the FAR and DFARS must be rewritten.

3.4 How is Acquisition Reform to be Implemented (continued)

3.4.7 Contract Terms and Conditions (continued)

DOD Acquisition Reform Goals and Execution

V. Improve contract terms and conditions (legal, pricing, and financing issues)

B. Foreign contracting and contingency operations

Round 2

- » Proposed legislative changes
 - Establish legal authority to lend/borrow defense equipment during contingency operations
 - Obtain waiver authority during contingencies
 - Establish basic “war risk” legislation for contractor personnel

3-27

Legislative relief is required to extend the acquisition reform efforts in procurement, into the foreign contracting arena.

3.4 How is Acquisition Reform to be Implemented (continued)

3.4.7 Contract Terms and Conditions (continued)

DOD Acquisition Reform Goals and Execution

**V. Improve contract terms and conditions (legal, pricing,
and financing issues)**

C.Reduce disputes

Round 3

3-28

Future efforts in DOD acquisition reform will include new contract wording which encourages such concepts as partnering and adoption of dispute resolution techniques which eliminate the need to carry disputes into the Armed Services Board of Contract Appeals or the Federal courts.

3.4 How is Acquisition Reform to be Implemented (continued)

3.4.8 Culture Change

DOD Acquisition Reform Goals and Execution

VI.Change the culture

A. Increase the quality and effectiveness of the acquisition workforce

Round 1

- » DAU acquisition reform seminars
- » New courses/revised curriculum
- » Over 200 speeches and presentations by AR staff

Round 2

- » Establish a continuing education program for the acquisition workforce
- » Cross functional training of the acquisition workforce

3-29

Many of the acquisition reform initiatives will fail if the DOD acquisition workforce is not given the opportunity to receive the appropriate training in the new procedures, tools and techniques. A quality acquisition process requires a highly trained, quality workforce.

3.4 How is Acquisition Reform to be Implemented (continued)

3.4.8 Culture Change (continued)

DOD Acquisition Reform Goals and Execution

VI.Change the culture

B. Make both Federal and DOD acquisition regulations and DOD system acquisition policies better facilitate the acquisition process

Round 2

» Rewrite FAR, DFARS, DODD 5000.1 and DODI 5000.2

3-30

The current acquisition process regulations were written to “control” the process, not facilitate the process to be as efficient and effective as possible.

3.4 How is Acquisition Reform to be Implemented (continued)

3.4.8 Culture Change (continued)

DOD Acquisition Reform Goals and Execution

VI.Change the culture

C.Balance gains to further a Government interest vs. the cost to implement — can't afford "perfect system"

Round 3

D.Build an environment for continuous process improvement

Round 3

E. Utilize integrated decision/integrated product and process development teams

Round 3

F. Improve supplier involvement

Round 3

3-31

The next two viewgraphs show additional issues which will be addressed in the future.

3.4 How is Acquisition Reform to be Implemented (continued)

3.4.8 Culture Change (continued)

DOD Acquisition Reform Goals and Execution

VI.Change the culture

G.Make DOD organizations participants, not inspectors

Round 3

H.Ensure that DOD activities do not request information of other DOD activities or DOD contractors unless absolutely necessary

Round 3

I. Make the acquisition system more flexible, timely and responsive

Round 3

J. Empower the acquisition workforce

Round 3

3-32

3.4 How is Acquisition Reform to be Implemented (continued)

3.4.9 Measures of Success

DOD Acquisition Reform Goals and Execution

VII. Define measures of success — metrics

A. Establish clear measurements of system responsiveness
and metrics to determine success of change efforts

Continuing initiative

3-33

DOD's efforts to reform the acquisition systems may go the way of many other initiatives unless some accompanying metrics are identified for each of the objectives and goals. How will we know when we got there?

These metrics must be accompanied by a measurement system(s) which are as unobtrusive as possible.

3.4 How is Acquisition Reform to be Implemented (continued)

3.4.10 Enabling Actions

DOD Acquisition Reform Goals and Execution

VII.Enabling actions

A. Establish step-by-step plan of action to implement and institutionalize acquisition reform

Round 1

- » NPR/DPR
- » “Mandate for change”
- » Process action team procedures

3-34

Each activity undertaken in acquisition reform should be thoroughly planned to ensure success. Activities will not achieve success by serendipity. All the implementation plans at all levels should be linked together to ensure achievement of shared goals.

3.5 Acquisition Reform Target Areas

Acquisition Reform Target Areas

- **Reduced infrastructure**
- **Process controls**
- **Electronic commerce/electronic data interchange**
- **Commercial specifications**
- **Dual use manufacturing**
- **Integrated process product development**
- **Commercial off-the-shelf equipment**
- ***FASTA implementation***

3-35

The Department of the Navy has identified several target areas which support DOD's acquisition reform. These are the initial set identified by DON. More are being considered, the recent legislation from Congress being a case in point.

3.5 Acquisition Reform Target Areas (continued)

3.5.1 Reduced Infrastructure

Reduced Infrastructure

- Smaller operating forces
- Reduced budgets
- Best use of funds
- Rightsizing

3-36

Reduced Infrastructure — The DON is facing up to the facts: the Navy and Marine Corps will be smaller in the future than it has been in the recent past. The infrastructure needed to support a larger Navy and Marine Corps is not needed and can not be afforded in today’s financially limited environment. The DON must seek ways to “rightsize” itself without reducing the quality of its capabilities.

3.5 Acquisition Reform Target Areas (continued)

3.5.2 Process Controls

Process Controls

Acquisition System = Engineering processes; manufacturing processes; business processes; management processes; logistic processes; R&D processes; financial processes; human resource processes; etc.

- **Charted**
- **Measured**
- **Modified**
- **Reengineered**

3-37

Process Controls — The DON acquisition system is made up of many processes. There are business processes, engineering processes, management processes, logistics processes, R&D processes, financial processes, human resource processes, etc. Each of these processes makes a definite contribution to the DON's ability to satisfy its acquisition objectives. These processes must be continuously reviewed to ensure that they are capable of sustained quality output at the least cost and within the shortest time possible for each DON acquisition. As part of DON's continuous acquisition reform, these processes must be charted, measured, modified, and reengineered as required.

3.5 Acquisition Reform Target Areas (continued)

3.5.3 Electronic Commerce/Electronic Data Interchange Objectives

EC/EDI Objectives

- Exchange procurement information electronically
 - Enhance greater access to procurement opportunities
 - Use simplified access to Government electronic commerce system
 - Use National and international data formats
 - Establish agency and industry systems/networks
 - Apply commercial specifications
-

3-38

Electronic Commerce/Electronic Data Interchange (EC/EDI) — The President has stated that he is committed to fundamentally altering and improving the way the Government buys goods and services by ensuring that electronic commerce is implemented for appropriate Federal purchases as quickly as possible. DOD/DON have committed to an aggressive approach to making electronic commerce/electronic data interchange a reality.

EC/EDI schedule for implementation:

The President has set out an action schedule for implementing EC/EDI which culminates in complete Government-wide implementation for appropriate purchases by January 1997.

DOD/DON Response to EC/EDI Initiative:

The Under Secretary of Defense for Acquisition Reform has organized a comprehensive and aggressive approach to employing EC/EDI throughout DOD. The DON is a major player in that effort. Refer to DUSD(AR) report "DOD Electronic Commerce (EC)/Electronic Data Interchange (EDI) in Contracting," December 20, 1993.

3.5 Acquisition Reform Target Areas (continued)

3.5.3 Electronic Commerce/Electronic Data Interchange Objectives (continued)

EC/EDI Implementation

- **Electronic Commerce is a method of conducting business transactions**
 - **Electronic Data Interchange is the means or vehicle to accomplish these business transactions**
 - **The goals of the Government will be to have all sites stood up by the end of FY1996**
 - **Will use standard language format**
 - **Will reduce the “paper, time, and unnecessary cost” to the Government**
-

3-39

EC/EDI Implementation:

Electronic Commerce conducts these business transactions in the areas of:

- Administration
- Finance
- Logistics
- Procurement
- Transportation
- Contracting

“It is the computer to computer electronic transfer of business transaction information.”

Electronic Data Interchange will have 244 single-point entry sites for government’s “single face to industry.”

Electronic Data Interchange is the first initiative of EC/EDI, others to follow will be funds transfer and automatic contract payment. Source selection and procurement/acquisition database management are also follow-on programs.

The process will use an industry developed American National Standards Institute (ANSI) X12 as the standards data format for transfer of data.

3.5 Acquisition Reform Target Areas (continued)

3.5.3 Electronic Commerce/Electronic Data Interchange Objectives (continued)

EC/EDI Implementation Phases

DON EC/EDI Implementation:

- **The Procurement Process**
 - 29 USN sites — 3 inventory control point sites and 26 other procurement sites
- **DOD interface — integrate the capabilities of:**
 - DON's Integrated Technical Item Management Procurement System (ITIMP)
 - » Large purchase, non-program procurement
 - DON's Automation of Procurement and Accounting Data Entry (APADE)
 - » Small purchase procurement
 - Air Force, Army, and Defense Logistics Agency procurement programs/systems to interface with USN and vice versa.

Phase implementation:

- Phase 1 - Continental United States
- Phase 2 - Alaska, Pacific Rim, NATO, Panama
- Phase 3 - Update and revise procedures as required

3-40

The EC In Contracting PAT report contains an implementation plan which sets forth the actions needed to deploy and operate the necessary infrastructure and related procurement Automated Information System (AIS) capability for electronic interchange within the DOD.

The plan describes the background, planning considerations, and planning assumptions for effecting the implementation plan.

Implementation Phases — The PAT Implementation Plan was divided into three phases:

- **Phase 1** — First six months (after receipt of funding) — This phase contains the primary effort to deploy EC/EDI in DOD. The deployment begins in the Southeast, moves westward across the South to the Pacific Coast, north and eastward across the upper tier states and Midwest, and ends in the Northeast.
- **Phase 2** — Second six months (after receipt of funding) - This phase contains the deployment scheme to field EDI capability at DOD contracting activities in Alaska, the Pacific Rim, NATO, and Panama.
- **Phase 3** — Thirteenth through twenty fourth month (after receipt of funding)— This phase contains the effort to strengthen EC/EDI use and processes through improvements to standards, implementation conventions, additional infrastructure, and expansion of procurement AIS capability, where appropriate.

3.5 Acquisition Reform Target Areas (continued)

3.5.4 Commercial Specifications

Commercial Specifications

- Reorder priority for invoking specifications
- Mandate use of performance specifications
- Apply non-Government standards
- Waiver process for use of Military specifications

3-41

Commercial Specifications — For decades the Department of Defense has relied on Military specifications and standards as a means of specifying requirements for most of its purchases. Industry has consistently been telling DOD that the use of those Military specifications and standards has caused the cost of Government-required products and services to become artificially inflated. This problem has escalated in recent years. Reductions in procurements have caused many companies to decline doing Government business because of these Military specifications and standards. There is no profit in maintaining special assembly lines to manufacture relatively small quantities of products to “special” Military specifications and standards. DOD’s reaction is contained in the June 29, 1994 SECDEF memorandum, “Specifications and Standards — A New Way of Doing Business.” In this memorandum, Dr. Perry reordered the priorities for invoking various types of specifications and standards.

3.5 Acquisition Reform Target Areas (continued)

3.5.4 Commercial Specifications (continued)

Specifications and Standards — Policy Changes —

- Performance specifications
 - DFARS language for non-Government standards,
 - industry-wide practices
 - Non-Government standards and industry-wide
 - specifications and standards in new contracts
 - Specs and standards PAT language
 - Processing of proposed alternatives to military specifications
 - DOD INSTR 5000.2 specifications and standards
 - not mandatory
 - Tiering of specifications
-

3-42

Policy Changes: The initial thrust of the DOD/DON acquisition reform effort has been directed at the area of specifications and standards. The Secretary of Defense directed the following policy changes (29 June 1994):

- Use performance specifications.
- Develop DFARS language to encourage contractors to propose non-Government standards and industry-wide practices that meet the intent of the Military specifications and standards.
- Non-Government standards and industry-wide specifications and standards shall be considered in all new contracts expected to exceed \$100,000, and existing contracts of \$500,000 or more having substantial contract effort remaining.
- Encourage Secretaries of Military Departments to exercise authorities to use language such as that proposed by the Specifications and Standards PAT.
- Government contracting officers shall expedite the processing of proposed alternatives to using Military specifications and standards and are encouraged to use value engineering no-cost settlement clause in existing contracts.
- Use of specifications and standards listed in the DOD Instruction 5000.2 are not mandatory for program managers.
- System specifications, subsystem specifications, and equipment/product specifications through and including the first tier of references in the equipment/product specifications cited in the contract, shall be mandatory for use.
- Lower tier references will be for guidance only and will not be contractually binding unless directly cited in the contract. Specifications and standards listed on engineering drawings are to be considered first tier references.

3.5 Acquisition Reform Target Areas (continued)

3.5.4 Commercial Specifications (continued)

Elements of DON Specifications and Standards — Implementation Policy

- **Cultural change**
 - Senior management major role
 - ARE/SIE
 - CSIE's
 - Training
- **Acquisition reform**
 - Performance-based specifications
 - Contractor alternative solutions
 - Process control vs. oversight
 - Project manager change allowance
 - Specifications tiering — mandatory vs. guidance

3-43

The ASN(RDA) issued a memorandum on July 27, 1994 establishing the DON policy for implementing the specifications and standards initiative. The policy enclosed with the memorandum is comprehensive and far-reaching. It provides specifics about the development, maintenance, and invoking of specifications and standards with respect to DON acquisitions and establishes a senior-level position to coordinate all of the required efforts. It also addresses the need for cultural change throughout the organizations for the reform to be successful.

The ASN(RDA) has directed that the DON policy for implementation of the specifications and standards acquisition reform initiative be effective immediately.

The major elements of the policy are as follows:

Instituting Cultural Change — Role of Senior Leadership

Senior management shall take a leadership role in establishing the environment for acquisition reform cultural change. This includes developing POA&M's; taking specific actions necessary to implement reform; reviewing progress with ASN(RDA); publishing annual reports; supporting programs for innovative approaches to acquisition; including budgeting for a change allowance for using proposed alternatives to Military specifications and standards; rewarding people for their efforts in promoting acquisition reform and creating an environment for change; and responding to the ASN(RDA) metrics for culturally changing the DON's philosophy with respect to specifications and standards.

3.5 Acquisition Reform Target Areas (continued)

3.5.4 Commercial Specifications (continued)

Elements of DON Specifications and Standards — Implementation Policy

(continued)

- **Standardization document reform**
 - Review of Navy responsible military documents
 - Plans for conversion
 - » Non-Government standards
 - » Performance-based specifications
 - » Commercial item descriptions
 - Cancellation
- **POA&M and reporting**
 - SYSCOM, PEO, DRPM plans
 - Annual report of accomplishments

3-44

Standards Improvement Executive — Responsibilities and Authorities:

The responsibilities and authority of the Standards Improvement Executive shall be formalized, providing the authority and resources necessary to implement the standards improvement program within DON.

ASN(RDA) followed up her July 27, 1994 memo with another memo of December 21, 1994 concerning specifications and standards. The purpose of the later memo was to provide the overall plan for implementing specifications reform within the Department of the Navy. The memo issued the DON Standards Improvement Program Plan and stated that the plan was effective immediately.

The DON Standards Improvement Plan provides a template for use by the Command Standards Improvement Executives (CSIE) in developing their detailed plans. The Command detailed plans will serve the applicable System Commands, Program Executive Officers, and Direct Reporting Program Managers.

The DON Standards Improvement Plan describes the process that integrates the Defense Standardization Program with the needs of the Program Managers. It also addresses:

- Contracting initiatives
- Reducing oversight
- Emphasizes the need for senior leadership commitment and training

**Standards Improvement Executive — Responsibilities and Authorities
(continued):**

The plan identifies broad schedules for accomplishing major actions and metric data for assessing progress.

The ASN(RD&A) 21 December memo requires each CSIE to incorporate the requirements of the DON plan into their individual detailed plans and permits the CSIE's, with appropriate justification, to request departure from specific DON Standards Improvement Plan requirements. The memo continues by stating that these requests for departure must be consistent with SECDEF and Navy policy for obtaining regulatory relief or waivers. Approval of requests for departure from requirements, when necessary, will be made by the DON Standards Improvement Executive or the ASN(RDA), as appropriate.

In recognition of the fact that the new DON specifications and standards policy amounts to a cultural change, the Office of the Assistant Secretary of the Navy is developing and preparing to offer Navy tailored courses to DON employees impacted by the new policy. The first such course will address the development of performance specifications and will be available in Spring of 1995. The other specifications and standards courses will be offered throughout the remainder of 1995.

3.5 Acquisition Reform Target Areas (continued)

3.5.5 Dual Use Manufacturing

Dual Use Manufacturing

- **Develop a technology that both Government and contractor may exploit**
- **Use commercially available technology**

3-46

Dual Use Manufacturing — In the past, DOD accomplished its acquisition business, including the R&D aspect of that business, generally with the sole objective of satisfying the needs of the Military Departments and their customers, i.e., soldiers, sailors, airmen, and marines. The global situation facing United States companies today requires the Government to rethink how they approach U.S. manufacturing industries.

Specialized DOD procurements, including prohibitions against companies capitalizing on products or processes developed as part of DOD business, have gradually weakened U.S. companies' abilities to compete in the global marketplace. This is another reason why many companies who traditionally have done business with DOD are not seeking further DOD work. One of the ways to reverse that trend is to encourage the development of "dual use" manufacturing technologies under Government acquisition efforts. In these situations, certain technologies which companies might like to develop, but are too expensive or complex to fund individually, are developed to satisfy Government needs. The company is then allowed to exploit that technology in the marketplace.

The Government selection of a commercially available technology to satisfy its needs is another form of dual use manufacturing. The Government, the company, and ultimately the U.S. economy will benefit from dual use manufacturing.

3.5 Acquisition Reform Target Areas (continued)

3.5.6 Integrated Product Process Development

IPPD Tenets

- **Customer focus**
 - **Concurrent development of product and process**
 - **Early and continuous life cycle planning**
 - **Maximize flexibility for optimization and use of contractor-unique approaches**
 - **Encourage robust design and improved process capability**
 - **Event-driven scheduling**
 - **Multi-disciplinary teamwork**
 - **Empowerment**
 - **Seamless management tools**
 - **Proactive identification and management of risk**
-

3-47

3.5 Acquisition Reform Target Areas (continued)

3.5.6 Integrated Product Process Development (continued)

Integrated Product and Process Development

Definition: A management process which *integrates all activities* from product concept through production/field support, using a multi-functional team, to simultaneously *optimize the product and its manufacturing and support processes* to meet cost and performance objectives.

3-48

Integrated Product Process Development — Over the last decade, many industries and Government activities have witnessed the benefits of employing an integrated approach to developing and producing new products. This integrated approach included not only developing/engineering a new product, but also addressing the system or processes required to produce the product in the most timely, cost effective, and quality manner possible. All of the functions and disciplines required to address every aspect of such an integrated product/manufacturing process effort simultaneously, and to simultaneously consider the entire life cycle of the product, are organized and brought to bear in integrated product process development.

3.5 Acquisition Reform Target Areas (continued)

3.5.6 Integrated Product Process Development (continued)

DOD Initiative for IPPD

- **Require program executive officers and program managers to consider the application of IPPD concepts for new and ongoing development programs**
- **PDUSD(A&T) support innovative strategies that embrace IPPD concepts**
- **Identify actions needed to institutionalize IPPD as a preferred DOD acquisition approach for development**
- **President, DAU will fully integrate IPPD education and training into the Department's course structure**

3-49

The Principal Deputy Under Secretary of Defense for Acquisition and Technology has a policy memorandum on his desk, if not already signed, that requires the Secretaries of the Military Departments, and others, to get personally involved in ensuring the IPPD concepts are considered for each development program. They will also be required to provide recommendations on how DOD can assist in institutionalizing IPPD concepts.

3.5 Acquisition Reform Target Areas (continued)

3.5.7 Commercial Off-the-Shelf Issues

Commercial Off-The-Shelf Equipment

- Market research
- Less cost
- No development
- Short acquisition time

3-50

Commercial Off-the-Shelf Equipment — Advancements in technology and a revival of quality/customer-oriented efforts in industry have resulted in the availability of many items of “off-the-shelf” equipment which satisfy the majority of DOD’s acquisition needs.

In most cases these items of equipment are significantly less costly to the Government than their military “equivalents.” DON has been supporting the acquisition of off-the-shelf equipment for some time, and recently has increased the pressure for Navy/Marine buyers to use the off-the-shelf alternative, if available.

Commercial off-the-shelf equipment is a subset of non-developmental item procurement. As such, the process for accomplishing a COTS acquisition is described in the DOD standard document “Buying NDI”, SD2.

3.5 Acquisition Reform Target Areas (continued)

3.5.7 Commercial Off-the-Shelf Issues (continued)

COTS Issues

- **Locating and Evaluating potential products**
- **Addressing NDI/COTS in acquisition planning**
- **Planning for integrated logistics support**
- **Selecting and preparing requirements documents**

3-51

Market Analysis — DOD/DON have clearly stated the preferred usage of NDI/COTS in satisfying their acquisition needs. Without good market analysis, that task is much more difficult. In February of 1992, the Office of the Assistant Secretary of Defense for Acquisition issued a document titled “Market Analysis for Non-Developmental Items” which provides many good ideas for approaching an NDI/COTS acquisition.

Planning — The use of an NDI/COTS solution to an acquisition need should not be left as a possible afterthought. Planning for all acquisitions should consider a NDI/COTS solution as a first solution. If a NDI/COTS solution is viable then the acquisition strategy and follow-on acquisition planning should be developed accordingly.

Logistics — Selection of a NDI/COTS solution is not without its concerns. One of the major concerns is the supportability of the item after it is turned over to the operating forces. That requires integrated logistics support planning. Simply because it is a NDI/COTS procurement does not relieve the buyer from satisfying necessary logistics requirements.

Purchasing Documents — NDI/COTS acquisitions require the preparation of procurement documentation just like any other acquisition. The major differences are in the degree of specificity (performance requirements versus detail design), lack of Military specifications and standards, and possible use of commercial item descriptions. Many helpful documents have been prepared over the last few years which address the requirements determination and acquisition processes for NDI/COTS acquisitions.

You may refer to the DON NDI Acquisition Improvement Working Group Report of 1993, and DSMC “NDI Acquisition, An Alternative to ‘Business as Usual,’” October 1992.

3.5 Acquisition Reform Target Areas (continued)

3.5.8 DON Acquisition Law Advisory Panel

DOD Acquisition Law Advisory Panel

- **Streamline the acquisition process**
- **Eliminate laws unnecessary for buyer and seller relationships in procurement**
- **Ensure continuing financial and ethical integrity of procurement**
- **Protect the interests of the Department of Defense**
- **Prepare proposed code of relevant acquisition laws**

3-52

In the FY1991 Defense Authorization Act, Congress established a panel of Government and industry experts, called the DOD Acquisition Law Advisory Panel (the 800 Panel.) The Panel was charged to meet specific goals in an effort to reform the DOD acquisition system. The Panel met, completed their reviews, and issued a comprehensive report.

Congress considered the “800 Panel” report and passed a Federal acquisition streamlining bill. President Clinton signed the bill into law on Oct. 6, 1994. The Act is referred to as the Federal Acquisition Streamlining Act (FASTA).

3.5 Acquisition Reform Target Areas (continued)

3.5.9 FASTA

FASTA* Features

- **Streamlining**
 - **Electronic commerce**
 - **Simplified acquisition threshold**
 - **Commercial items**
 - **Pilot programs**
 - **Acquisition management**
 - **Contract goals for small disadvantaged businesses**
 - **Contract goals for small business concerns owned by women**
-

3-53

* Federal Acquisition Streamlining Act of 1994

3.5 Acquisition Reform Target Areas (continued)

3.5.9 FASTA (continued)

FASTA — Streamlining

- **Reduces paperwork**
 - Uniform procurement laws — DOD and civilian agencies
 - Repeal/modify acquisition laws

3-54

Streamlining — Reduces paperwork burdens through revision and consolidation of the acquisition statutes, including:

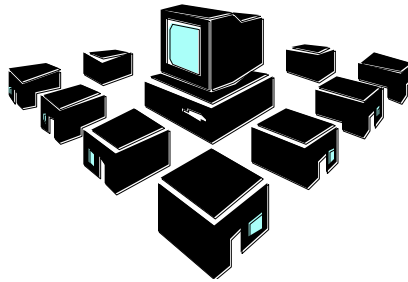
- Amending the procurement laws to promote the uniform treatment of DOD and civilian agency procurements.
- Repealing or substantially modifying over 225 provisions of the law that affect the acquisition system.

3.5 Acquisition Reform Target Areas (continued)

3.5.9 FASTA (continued)

FASTA — Electronic Commerce

- **Computer-based acquisition system**
 - Inform public/electronic bids and proposals
 - Personal computer and modem access



3-55

Electronic Commerce — Requires the Federal Government to transform the acquisition system from a cumbersome process driven by paperwork to a computer-based system readily accessible to Government and private sector users, including small businesses.

- The electronic commerce procedures would inform the public about a broad array of contracting opportunities and permit electronic submission of bids and proposals.
- The system could be used by anyone with access to a personal computer and modem.

3.5 Acquisition Reform Target Areas (continued)

3.5.9 FASTA (continued)

FASTA — Simplified Acquisition Threshold

- **\$100,000 SAT**
 - **Modifies small purchase statutes**
 - **Streamlines notice and response procedures**
 - **Contracts reserved for small businesses**
 - **Exclusions for purchases under \$2500**
-

3-56

Simplified Acquisition Threshold (SAT) — Establishes a SAT of \$100,000 to streamline the process of making small purchases and to reduce the amount of staff time needed for small purchases, resulting in substantial savings for the Government.

- Modifies 15 statutes which currently apply statutory certifications and limitations to small purchases.
- Streamlines procedures for providing notice of and responding to contracting opportunities at or below \$100,000.
 - Reserves contracts above \$2500, but under the \$100,000 SAT, for small businesses, and specifically authorizes continued set-asides of all contracts under the threshold for minority-owned small businesses.
 - Excludes purchases of less than \$2500 from small business reservation and most other paperwork requirements applicable to other purchases below the \$100,000 threshold.

3.5 Acquisition Reform Target Areas (continued)

3.5.9 FASTA (continued)

FASTA — Commercial Items

- **Acquisition of commercial items**
 - Commercial and non-developmental items
 - Exemptions from unique certifications and accounting requirements
 - Enhances Government access to items from commercial sector
-

3-57

Commercial Items — Encourages the acquisition of commercial end-items and components, including the acquisition of commercial products that are to meet Government needs.

- The purchases of proven products, such as commercial and non-developmental items, can eliminate the need for research and development, minimize acquisition lead time, and reduce the need for detailed design specifications and expensive testing.
 - Exempts commercial items from Government-unique certifications and accounting requirements that serve as a disincentive for commercial companies to participate in Government acquisitions, and which add to the costs when they choose to participate.
 - Enhances the Government's access to items from the commercial sector by expanding the scope of products and services that qualify for treatment as commercial items.

3.5 Acquisition Reform Target Areas (continued)

3.5.9 FASTA (continued)

FASTA Pilot Programs

- FASCATT
- JDAM
- JPATS
- CDA
- CDE

3-58

Pilot Programs — Authorizes several pilot programs to test concepts that go beyond the reforms authorized by the Act.

- Authorizes Administrator of the Office of Federal Procurement Policy (OFPP) to test alternative and innovative procurement procedures on six programs.
- Authorizes separate test programs at NASA and FAA.
- Authorizes DOD, under existing pilot program authority, to test innovative and alternate practices on the following five DOD programs:
 - The Five Support Combined Armed Tactical Trainer (FASCATT)
 - The Joint Direct Attack Munition (JDAM)
 - The Joint Primary Aircraft Training System (JPATS)
 - The Commercial — Derivative Aircraft (CDA)
 - The Commercial — Derivative Engine (CDE)

3.5 Acquisition Reform Target Areas (continued)

3.5.9 FASTA (continued)

FASTA — Acquisition Management

- **Performance-based and results-oriented concepts**
 - Performance goals
 - Cost goals

3-59

Acquisition Management — Requires agencies to focus on performance-based and results-oriented management concepts and personnel policies, with an emphasis on addressing problems in meeting cost and performance goals.

3.5 Acquisition Reform Target Areas (continued)

3.5.9 FASTA (continued)

FASTA — Small Disadvantaged Businesses

- 5 percent for civilian agencies



3-60

Contract Goals for Small Disadvantaged Businesses — Establishes for civilian agencies a program to achieve a 5 percent goal for participation of small business concerns owned and controlled by socially and economically disadvantaged individuals, with procedures similar to “Section 1207” program.

3.5 Acquisition Reform Target Areas (continued)

3.5.9 FASTA (continued)

FASTA — Women-Owned Small Businesses

- 5 percent goal



3-61

Contract Goals for Small Business Concerns Owned by Women — Establishes a 5 percent goal for participation by small business concerns owned and controlled by women in each agency's contract and subcontract awards.

3.6 Summary

Summary

- **Acquisition Reform is here to stay**
- **It applies to everyone**
- **It is changing the way we do business**
- **Transcending across administrations**

**Requires Cooperation Between
Government and Industry**

3-62

You have been shown the basics of why, what, who and how of acquisition reform. The “when” should be obvious. It is happening now. It is taking place as we speak. It is gathering momentum on every project in DON. Soon, the trauma of change will be behind us and we (Government and Industry) should be able to conduct our acquisition business using “modern” processes to achieve timely, quality results.

Module 4: Acquisition Reform Activities

Module Objectives

By the end of this module, the participants will be able to:

- Identify the various activities related to acquisition reform which have been initiated by DOD and DON

4-1

Module Theme:

Both DOD and DON have started numerous activities as part of their overall acquisition reform efforts. These activities include efforts to provide relief from over-regulation; adoption of special teaming arrangements; and encouragement to use some Government/industry-developed tools to improve acquisition.

Training Method:

- Instructor-led review

Module Contents:

- 4.1 Acquisition Training
- 4.2 Cycle Time Reduction
- 4.3 Acquisition Coordination Teams
- 4.4 ISO 9000
- 4.5 Regulatory Relief
- 4.6 Integrated Product Teams
- 4.7 Methods and Metrics
- 4.8 Master Acquisition Program Plan
- 4.9 Latest Events

4.1 Acquisition Training

DON Acquisition Reform Training

Training Strategy:

- **Train trainers**
- **Train all acquisition personnel**
- **Measure results**
- **Conduct follow-up training**
- **Conduct industry/DON forum**

4-2

The DON has developed an acquisition reform training strategy comprised of five basic steps:

- Step 1: Select and train a cadre of in-house trainers capable of rapidly spreading the word about DON acquisition reform to all acquisition personnel.
- Step 2: Conduct numerous acquisition reform training classes sufficient to communicate the DON acquisition reform message to the 30,000 plus acquisition personnel.
- Step 3: Through a carefully designed mechanism, measure the results of the acquisition reform training classes to identify the success of the training and, therefore, the success of the initiation of DON acquisition reform.
- Step 4: Based on the results of this measurement, develop and conduct selected follow-up courses on specific aspects of DON acquisition reform.
- Step 5: The DON Acquisition Reform training strategy includes development of forums between DON and Industry to discuss the various initiatives in acquisition reform and in particular, to provide Industry an opportunity to contribute to the reform initiatives, i.e., new ideas or changes to existing initiatives.

4.2 Cycle Time Reduction

Cycle Time

- **Cycle time reduction makes good sense**
- **Must commit to reengineering whole process**
- **High payoff areas, such as:**
 - Systems engineering
 - Readiness and personnel management
 - Planning, programming, and budgeting
 - Maintenance
 - Training

Tasking: Establish a mechanism for identifying areas for cycle-time reduction

4-3

In his memorandum of September 14, 1994, the SECDEF challenged the military services to reduce the time it takes to do our acquisition business. SECDEF emphasized that, in accordance with the National Performance Review, we must reinvent Government to work better and cost less. SECDEF indicated that any savings achieved so far have not been as a result of top-down reengineering. He concluded by asking each military service secretary to reduce cycle times by at least 50 percent by the year 2000.

In a memorandum of September 27, 1994, SECNAV accepted SECDEF's challenge and indicated that the DON must commit to reengineering the whole process. He suggested some high payoff areas and tasked the CNO, CMC, the ASNs, et al., to establish a mechanism for identifying areas for cycle time reduction.

4.3 Acquisition Coordination Teams

Acquisition Coordination Teams

- Empowered individuals
- Facilitate communication
- Employ during all phases
- Continued integration

— ASN(RDA)/CNO/CMC*

4-4

- Team approach to bring together empowered individuals from each management system to facilitate communication and decision making during each program phase in the DON acquisition process.
- Continue integration of the requirements and budget communities.

The Principal Deputy Under Secretary of Defense for Acquisition and Technology** encouraged the Milestone Decision Authorities (MDA's) to reduce or eliminate procedures or documents deemed unnecessary at program milestones. That authority has been delegated to the Deputy Chief of Naval Operations (R,WR, &A).

The Deputy Chief views the acquisition coordination teams as a key mechanism to develop tailored approaches that will guide all OPNAV ACAT programs. All DASN's, PEO's, and program managers are to establish an ACT, and ensure that his representative be included as a member to advise on OPNAV processes and tailoring of needs documents.

* Joint memorandum dated August 22, 1994.

** Memorandum for Secretaries of the Military Departments et al dated August 1993.

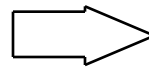
4.4 ISO 9000

ISO 9000 and ANSI/ASQC Q90 Series

- SECDEF Memo of 29 Jun 94
 - ISO-9000 approved for use as a QA Standard
 - Thrust is to not require unique QA system for military product lines
 - Third party certification not required
-

4-5

-
- Directs services to reduce direct oversight
 - Substitute process controls in place of testing/inspections
 - MIL-I-45208 - Military Product Inspection
 - MIL-Q-958 - Military QA program
 - Continuous process improvement
 - Statistical process control



**ALL PART
OF
ISO 9000**

4.5 Regulatory Relief

Waiver of DOD/DON Requirements

- SECDEF delegated waiver authority to Service Secretary — March 1994
- SECNAV delegated waiver authority to CNO, CMC, ASNs, et al. — August 1994

4-6

SECDEF

In a March 28, 1994 memorandum, the Secretary of Defense delegated authority to waive, with appropriate approval, any requirement contained in a DOD Instruction or Publication for activities being streamlined or reengineered in support of the National Performance Review. He also encouraged the service Secretaries to waive other requirements within their authority, as appropriate.

SECNAV

In an August 1994 memorandum, the Secretary of the Navy delegated authority to CNO, CMC, USN, GC and the Assistant Secretaries to waive, with prior approval of SECNAV, any requirements contained in DON Instructions and Regulations that are not validated by law, and authorized the redelegation of this authority to those directly reporting to them.

Milestone IV Modification

In a September 13, 1994 memorandum, the ASN(RDA) modified the criteria specified in SECNAVINST 2000.2A for a Milestone IV reviews. This aligns the DON with the DOD Milestone IV requirements.

Delegation of Milestone Decision Authority

In a July 21, 1994 memorandum, the ASN(RDA) delegated Milestone Decision Authority for ACAT III programs (with some exceptions) to SYSCOM commanders. She also stipulated that the SYSCOM commanders may redelegate that authority to an appropriate Flag or SES level (with ASN(RDA) approval).

4.6 Integrated Project Teams

Integrated Project Teams

- **Team**
- **Individuals**
- **Multiple competencies**
- **Multidisciplinary**
- **Responsible**
- **IAW PM's guidelines**
- **Self-managing, empowered**

4-7

Definition:

A team typically comprised of individuals from multiple competencies, led by a team leader. An ITP for a major product may itself be comprised of multiple ITPs, associated with key sub-products. An ITP is multidisciplinary in nature, and will be responsible for its products (either goods, services, or a combination of the two) in accordance with a program manager's cost/schedule/performance guidelines and in consonance with the philosophy of self-managing, empowered teams.

4.6 Integrated Project Teams (continued)

Characteristics of High Performance IPTs

- **Clearly defined product interfaces,**
- **Decision authority and resources**
- **Task metrics**
- **Conflict resolution process**
- **Issues raised and addressed early**
- **Respect of others' views and contributions**

4-8

4.6 Integrated Project Teams (continued)

Characteristics of High Performance IPTs

(continued)

- **Team building practiced**
- **Team members well trained**
- **Empowered**
- **Members collectively and individually accountable**
- **Reporting relationships and processes developed**
- **Involved stakeholders kept informed**

4-9

IPTs should be staffed with personnel empowered to act with independence and responsible for program success. For example, the team member responsible for systems engineering will be responsible for coordinating program engineering activity but is neither solely responsible for engineering nor absolved from responsibility for success in logistics, testing, contracts, etc. Similarly, the logistics team member shares responsibility for more than logistics.

The ITP concept drives decisions down, rewards team as opposed to individual effort, reduces the amount of oversight, increases the percentage of resources applied to managing programs, increases training and eliminates layers of management.

ITPs and Industry

Industry has been employing the concept of ITPs for some years. Questions arise about how should DON ITPs deal with contractor ITPs.

DON ITPs will always accomplish customary Government work, such as, writing RFPs, conducting source selections, etc. However, DON ITPs must also work closely and in harmony with those within industry, and where the real products for the operating forces normally originate. While teamwork and striving for win-win outcomes between Government and Industry is imperative, it is important to maintain the distinction between DON ITPs and those of Industry. We should not carry our understanding of ITPs to mean a single group of Government/Contractor individuals where the contractual responsibilities of the two sides are vague or washed out. A better analogy would be one of two distinct teams that work cooperatively and in harmony because of similar, if not identical, objectives.

4.7 Methods and Metrics

Methods and Metrics for Product Success Guide

Contents: the technical risk management process

- Measures of effectiveness
- Combined Government/industry acquisition flowchart
- Technical risk report
- What to “watch out for”
- Program Manager’s Workstation

4-10

The Product Integrity Directorate in ASN(RDA) has published a guide, “Methods and Metrics for Product Success,” of July 1994, aimed at helping Government and industry toward an understanding of those methods and metrics which have been proven over time to ensure a successful product.

Program Manager’s Workstation — An “expert system” with software support designed to:

- Provide **knowledge** through know-how; an automated information access system that speeds the search for required information.
- Provide **insight** through the Technical Risk Identification and Mitigation System (TRIMS); a management system tailored to your program that identifies when corrective action is required, and who is responsible.
- Provide **experience** through BMP•NET and the Best Manufacturing Database, which provides proven solutions to technical problems.

Project Manager’s Workstation -Video

You will be given an opportunity during the breaks or lunch to view a short video about the Project Manager’s Workstation.

4.8 Master Acquisition Program Plan (MAPP)

Master Acquisition Program Plan

- **Joint Navy/Industry standard**
- **A digital standardized process**
 - Eliminates redundant documentation
 - Consolidates information
 - Addresses what information is required
 - Incorporates the ABC's of acquisition reform
 - Enhances communication
 - Used throughout life-cycle

4-11

What is Master Acquisition Program Plan?

The concept of the master acquisition program plan has been jointly developed by the DON and industry. It is a digital, standardized DON process intended to:

- Eliminate redundant program documentation and consolidate information requirements
- States program planning requirements in terms of what information is required vice how to derive it
- Incorporates the ABC's of acquisition reform
- Enhances communication between DON and industry
- Is used throughout the life-cycle to define, control, direct, monitor, and approve program decisions

4.8 Master Acquisition Program Plan (MAPP) (continued)

Why MAPP?

- **Eliminates requirements**
- **Facilitates contracting**
- **Provides a repository**
- **Consolidates data requirements**

4-12

The concept of MAPP provides the following benefits:

- It eliminates the requirements for over 100 plans called out in more than 45 instructions and 50 Military specifications and standards.
- It facilitates contracting:
 - One 1st tier performance standard
 - Minimizes the number of Contract Data Requirements List items in a contract package
- Provides a repository for program planning data:
 - Write once/read many
- It consolidates the data requirements of all incorporated plans - redundancies are eliminated.

MAPP may be implemented now!

- DODI 5000.2, Section II-E states that “Program plans may be combined to best satisfy the needs of the program manager.
- The concept is endorsed by: ASN/RDA (Logistics), ASN/RDA (P&I), all System Commanders, and the Fleet Support Quality management Board.
- In a letter on 7 Apr 1994, DCNO(N4) stated “Program Offices” are encouraged to use the MAPP in lieu of the plans it consolidates.

MAPP can save everyone involved in an acquisition a lot of time and money.

4.9 Latest Events

This section of Module 4 is reserved for the insertion of materials on the most recent events in the DON acquisition reform effort. When new, late breaking documents, such as new or revised DON instructions, regulations, and pertinent letters and memoranda are issued, after the initial publication of the The ABC's of Acquisition Reform Participant's manual, they will be provided to DON Acquisition Reform/Specification Improvement Executive staff for transmission to the manual holders. After receipt they should be inserted in this section.

4.9.1 Latest Events

A. Update of FASTA — FASTA 1995

The following areas are now being *considered* as changes to the 1994 Act:

- Modification of dollar level approval of justification for use of other than full and open competition. This is first time in 10 years that approval levels have been examined.
- Repeal of existing fee limits on architect-engineering services contracts.
- Changes to increase agency's ability to gain access to products and technology on the commercial market.
- Allow "two-phase" selection procedures for construction contracts.
- Review of regulations for consistency with FAR.
- Change the requirement for pricing data to the same for under \$500,000 to that of over \$500,000.
- Require protesters to pay defense costs paid by the Government due to frivolous protests.
- Place all protests under Court of Federal Claims for exclusive judicial jurisdiction.
- Several areas of cost and contracting regulations are also being reviewed.

B. Acquisition Reform Communication Center (ARCC)

- The ARCC is a coordinated approach to "getting the message out." The ARCC will transform the information into consistent messages, then coordinate and facilitate delivery.
- The ARCC will be a direct reporting program to DUSD(AR), it will function in partnership with services, agencies, associations, etc. The ARCC will gather information, success stories, lessons learned from PAT's, experts, and others. It will develop and disseminate messages and instructional materials to the services, agencies, associations, and others. It is envisioned that the ARCC will coordinate the delivery, while stimulating the use of innovative communications vehicles and supporting government-industry training. The ARCC will define metrics and collect data and then provide feedback both up and down the line.

Module 5: Applying the ABC's of Acquisition Reform

Module Objectives

By the end of this module, the participants will be able to:

- Analyze acquisition scenarios for potential application of the principles and initiatives supporting DON acquisition reform
- Prepare recommended actions for real-world improvement

5-1

Module Theme:

In the earlier parts of this course, the participants will have gained knowledge about the principles and initiatives of DON acquisition reform. This module allows participants to practice their knowledge by applying the DON acquisition reform principles to an actual acquisition scenario. (Note: Initially this scenario will be based on historical events. However, it is the DON's intent to eventually replace the historical scenario with real-time scenarios!)

Training Method:

- Small group activity — analyze caselet
- Small group presentation — recommended actions
- Instructor wrap-up

Module Content:

- 5.1 Small Group Activity — Caselet
- 5.2 Instructor Wrap-Up

5.1 Small Group Activity — Caselet

Now You Have the Tools

A — Advanced Technology
Insertion

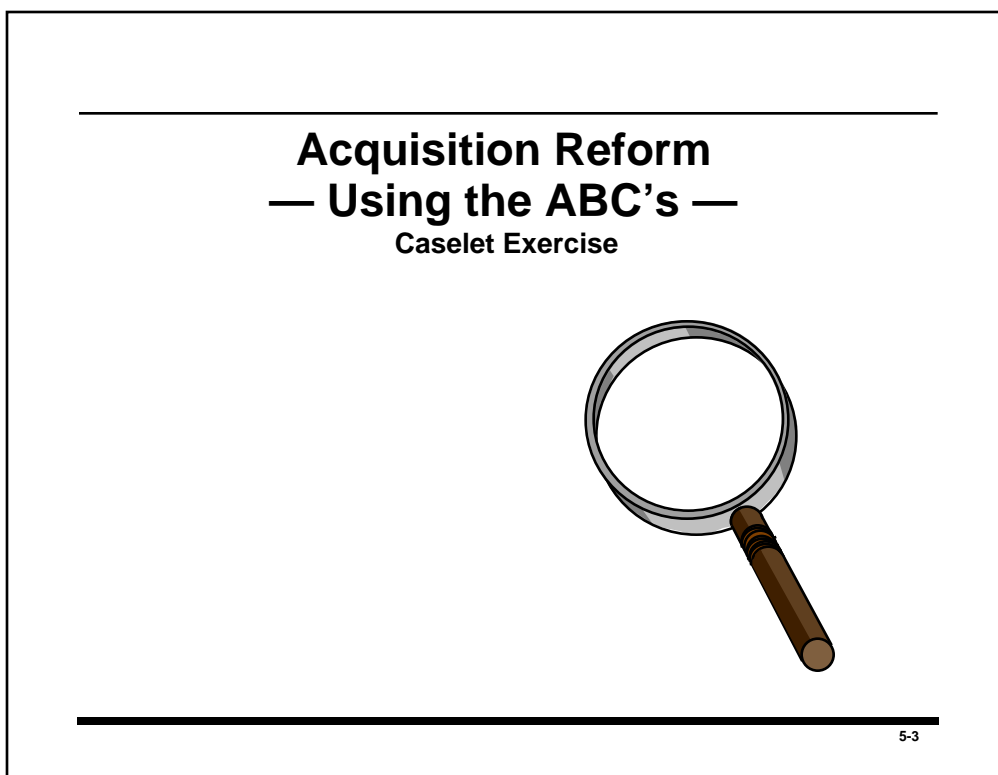
B — Best Commercial
Practices

C — Cost Reduction

5-2

At this point you have considered the ABC's and principles of acquisition reform, and considered the barriers to efficient and effective acquisition presented by the current process. It's time to put your knowledge to work.

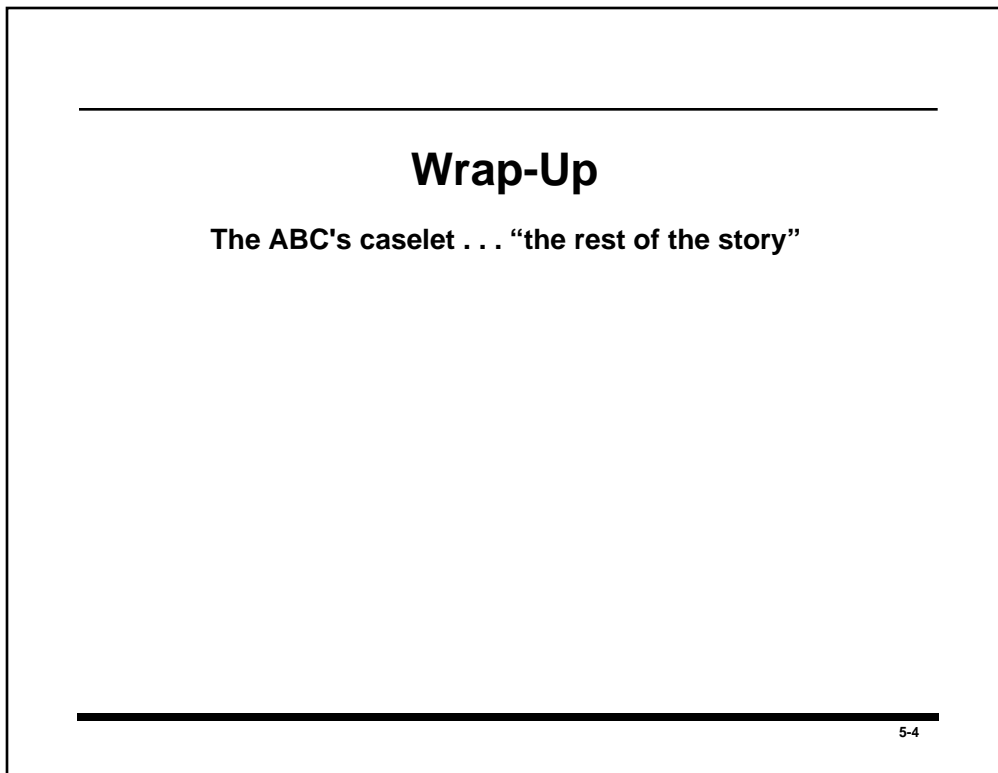
5.1 Small Group Activity — Caselet (continued)



Instructions:

1. The instructor will divide the class up into small work groups.
2. Each group will select a leader/presenter (remember in this case the presenter is also honing his/her skills by using the presentation as a practice training session).
3. The groups must also select a recorder.
4. The instructor will hand out the material for the caselet.
5. Allocate 10 minutes for steps 1 through 4 above.
6. Each group will be asked to complete the caselet exercise as described in the handout.
7. Each group has 50 minutes to develop their presentation.
8. Each group presenter will have 5 minutes to present. At the conclusion of each presentation, the class will be given an opportunity to provide comments.
9. At the conclusion of all presentations, the instructor will summarize the key points made by the groups.

5.2 Instructor Wrap-Up



The instructor will provide some initiatives that were provided by the program office.

Module 6: Our Role in Acquisition Reform — Planning for the Future

Module Objectives

By the end of this module, the participants will be able to:

- Summarize the target areas involved in leading reform of an acquisition culture
- Identify the incentives required for successfully encouraging leadership of acquisition reform
- Lead both Government and contractor personnel in forming a partnership for successful implementation of acquisition reform
- Identify specific goals for acquisition reform efforts and accompanying metrics

6-1

Module Theme:

Successful completion of the DON acquisition reform effort will require leadership at all levels of the Department. This behavior must be encouraged through a series of incentives aimed at rewarding effective leadership. Leadership requires the ability to establish trust and to form “partnerships” to accomplish reform.

Training Method:

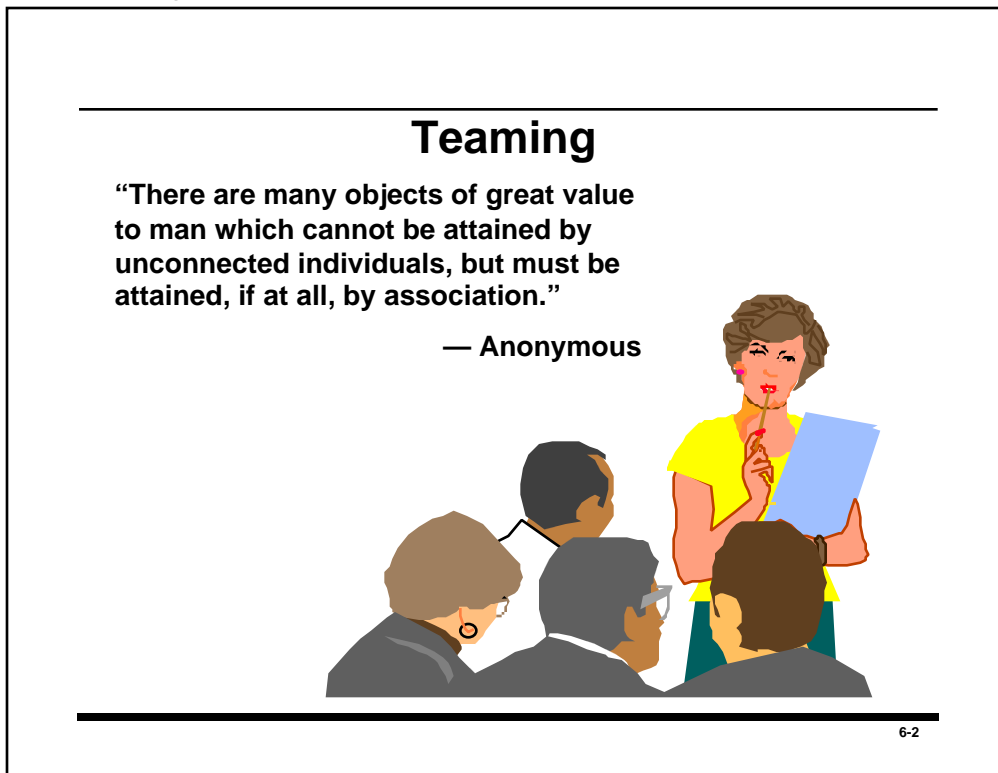
- Instructor-led discussion
- Small group activity
- Group discussion and instructor wrap-up

Module Contents:

- 6.1 Teaming/Partnering, Leadership/Taking Initiative
- 6.2 Exercise: Planning the Future
- 6.3 Instructor Wrap-Up

6.1 Teaming/Partnering, Leadership/Taking Initiative

6.1.1 Teaming



For DON acquisitions to be successful and for reform of the system/processes employed in DON acquisition to achieve its objectives, people within DOD/DON, and people in industry must engage, together, in efforts with shared goals and objectives. The epitome of sharing or associating to bring an effort to fruition is known as teaming. And today the concept of teaming has been developed to the extent that teaming between Government activities and between the Government and industry is called partnering.

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.1 Teaming (continued)

Benefits of Teaming

- **Synergism**
- **Breakdown of artificial barriers**
- **Communication**
- **Multiple points of view**
- **Improved decisions**
- **Alignment with decisions**

6-3

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.1 Teaming (continued)

Traits of Good Team Members

- **Listening**
- **Objectivity**
- **Flexibility**
- **Contributing to problem solving**
- **Share objectives**
- **Participative**
- **Constructive**

6-4

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.2 Teambuilding and Employee Empowerment

Teambuilding and Employee Empowerment

- **Improvement initiatives work when the organization is energized!**
- **Leaders provide that energy!**
- **Successful leaders give that energy to their employees!**
- **It is easy to take away that energy!**
- **It is hard to give employees that energy!**

6-5

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.3 Partnering

Partnering

- Empowering
- All stakeholders
- Decision making
- Problemsolving
- Get along

6-6

Partnering — A process empowering the “project” personnel of all the stakeholders with the freedom and authority to accept the responsibility to do their jobs by encouraging decision making and problem solving at the lowest possible level of authority. It encourages everyone to take pride in their efforts, and tells them it’s okay to get along with each other.

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.3 Partnering (continued)

Partnering Definition

- **A commitment**
- **Between two or more organizations**
- **For the purpose of improving communications and avoiding disputes**
- **Accomplished through an informal process**
- **A means of providing our operating forces with quality products, on time, and at a reasonable price**

6-7

For the partnering process to be successful, there must be a commitment to partnering by every person involved with the project/contract.

The partnering process can begin with issuing a solicitation which demonstrates the Government's desire to engage in partnering. The main objective is to improve communications. It is important to recognize the difference between partnering and teaming. Partnering is an informal and voluntary agreement, whereas Teaming/in many settings, is a formal situation or process — a specific, concrete approach to solving problems. Thus, the two concepts often use similar approaches and methods, but are not exactly the same.

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.3 Partnering (continued)

Aspects of Partnering

- **Teamwork approach**
- **Involvement of all stakeholders**
- **Mutual goals**
- **Workshop**
- **Plan for continuance and achievement of goals**
- **Participation is voluntary**
- **Applicable in any two-or-more party relationship**

6-8

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.3 Partnering (continued)

Typical Partnering Goals

- Early formation of working relationships
 - Recognition of concerns of parties involved
 - Timely problem identification
 - Timely problem resolution
 - Timely submittal processing
 - Reduced requests for information
 - Minimization of project growth
 - More communication and effort in achieving common objectives
-

6-9

Partnering — Teaming between organizations is not always easy. Because of the nature of business, and the strong opinions held by the business parties, there are numerous occasions for disagreement. In these cases people's and organizations' limits can be tried to extremes. These occasions may come up between Government activities, including upper level and lower level activities, and between Government and industry organizations. Within the Government there are many situations where Partnering Agreements should be considered before engaging in some mutual endeavor. These agreements should clearly lay out the goals shared by the activities, a plan for achieving the goals, and some method for resolving differences in a mutually respectful manner.

Partnering with Contractors

There are always opportunities for contracting parties to arrive at a parting of the ways. There are too many aspects of small or large Government contracts, complex or otherwise, where the parties may arrive at an impasse, a dispute. At one end of the spectrum of disputes, the resolution is to "go to court." For any of you who have done that, you will probably agree that it is not a happy experience for either party. Partnering, as practiced today in the Government-contractor world, encourages another alternative, and that is called Alternative Disputes Resolution (ADR). ADR requires both parties to agree beforehand to attempt to resolve disputes using a technique that is more beneficial to both parties, i.e., less animosity, less costly, less time consuming.

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.3 Partnering (continued)

Partnering Is Not

- **Mandatory**
- **Legally binding**
- **A panacea**
- **A one way street**
- **Successful without total commitment**
- **Contrary to Government business interests**

6-10

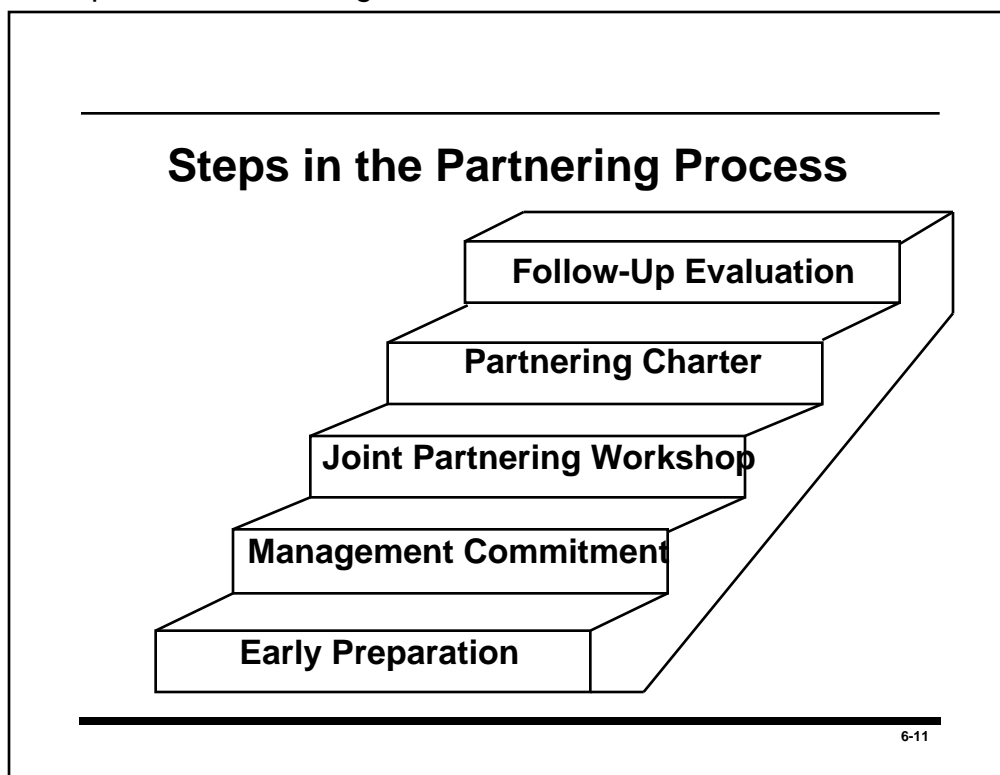
It is important to note that partnering is not mandatory. Partnering is a voluntary relationship designed to improve cooperation and communication during performance of efforts such as those accomplished under a contract. Both parties must agree to engage in partnering. Partnering language contained in a contract does not place any legal rights on any of the parties involved. Such clauses in contracts are more of a symbol of commitment.

Nor is partnering a panacea. There are some disputes and problems that partnering may not be able to resolve.

When the concept of partnering was first introduced to Government contracting, some people felt it was against the Government's business interests. Many Government people felt that it would be detrimental to develop a positive relationship with contractors instead of the usual adversarial one. Their view was that the best way to complete a contract was to keep the contractor at arm's-length. Partnering is not a sign of weakness on behalf of the Government. Partnering shows commitment to completing contracts on time and within budget.

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.4 Steps in the Partnering Process



- Early Preparation
 - Educate your organization about the partnering concept
 - Make your partnering intentions clear at outset
 - Encourage personal contact
- Management Commitment
 - Commitment from Headquarters
 - Commitment to partnering at middle management level
 - Designate a champion
- Joint Partnering Workshop
 - Identify common goals and objectives
 - Determine responsibilities and authorities of each party
 - Establish lines of communication
 - Identify potential conflict areas
 - Develop a problem solving process
 - Establish methods for evaluating success
 - Create a partnering charter

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.4 Steps in the Partnering Process (continued)

- Partnering Charter
 - Defines mutual goals and objectives
 - Establishes procedure for conflict resolution
 - Documents the commitment of the parties involved
 - Provides measurable milestones
 - Is a product of successful conflict resolution
- Follow-Up Evaluation
 - Arrange regular follow-up meetings to continuously reinforce the partnering concept
 - Develop an evaluation process which monitors the progress of partnering efforts
 - Avoid surprises by maintaining the partnering relationship throughout the life of the contract

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.5 Partnering Builds Bridges

Partnering Builds Bridges

• Us vs. them	• We
• Diverse actions	• Focused actions
• Attitudes and perceptions of others	• Realization of each other's capabilities
• Your problem	• We will solve it together
• Gov't vs. contractor	• Team response
• Individual goals	• Common goals

6-13

Perhaps the most important aspect of the partnering process is moving from the traditional “us vs. them” mentality to a “we” attitude. This is an important first step to fostering a problem solving environment. This change in attitude also allows the parties to work together towards common goals.

Partnering also helps to change the parties’ outlook toward each other to a more positive and less adversarial view. Both parties accept responsibility and work together to solve problems which may arise.

Successful partnering creates an environment where trust and teamwork prevent disputes, and problems are resolved quickly with a minimum cost and time impact.

While most of the discussion of partnering above centered on the Government/contractor arena, it is important to remember that the concept and techniques of partnering are just as useful in situations involving two different Government activities.

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.6 Alternative Disputes Resolution

Alternative Disputes Resolution

“Discourage litigation. Persuade your neighbors to compromise whenever you can. Point out to them how the nominal winner is often a real loser — in fees, expenses and waste of time.”

— Abraham Lincoln

6-14

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.6 Alternative Disputes Resolution (continued)

The Administrative Disputes Resolution Act

- **Requires Government agencies to consider ADR**
- **Permits creative ADR techniques**

ADR— Enables parties to foster creative acceptable solutions, and to produce expeditious decisions requiring fewer resources than formal litigation

6-15

The Administrative Disputes Resolution Act of 1990 — In 1990, Congress passed an act permitting Government agencies to engage in alternative disputes resolution. The Act encouraged the use of consensual alternative disputes resolution proceedings where the controversy related to an administrative program. The Act also stated that proceedings are to be confidential. Thus, the Act permits, and actually encourages, the use of partnering techniques in the area of Government procurement.

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.6 Alternative Disputes Resolution (continued)

Alternative Disputes Resolution

- **Voluntary**
- **Expeditious**
- **Non-judicial**
- **Controlled by management**
- **Flexible**

6-16

ADR techniques are meant to be voluntary — to solve problems without the need for litigation. ADR often results in a much faster resolution of conflicts than would have happened if the issue had gone to court.

ADR proceedings are non-judicial. In fact, the parties attempt unassisted negotiations. The parties' management makes these types of decisions, which allow great flexibility in attempts to solve problems. There are no set rules that must be followed, thus, methods can be modified or tailored to fit the changing circumstances.

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.7 Leadership

Leadership versus Management

Leadership is the ability to develop a vision and communicate it in such a way that others are motivated to align themselves with and move towards the vision with a passion.

Management is the ability to organize resources and coordinate the execution of tasks necessary to reach a goal in a timely and cost effective manner.

6-17

Leadership/Taking Charge

Acquisition reform will require all of us to assume a leadership position in the effort. It will not matter whether we are at a top, middle, or lower level position in the DON organization. Since acquisition reform will impact every process at every level, whether or not the process involves one person or hundreds of people, someone will have to assume a leadership position and take charge of making acquisition reform happen for that process.

Acquisition reform will not recognize any boundaries, e.g., contracts. Someone, generally the Government, will have to assume an initial leadership position to make acquisition reform a reality for a contract.

We all need to be leaders. Even though the concepts of leadership and management are separable, successful managers need to be good leaders. Whether the manager is a high level executive, a middle level manager, a contract manager or a manager of an individual process in an office, today's and future managers must gain the knowledge and develop the skills to be good leaders.

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.7 Leadership (continued)

Leadership Traits

- Visionary
- Communication/alignment
- Sees systems
- Proactive
- Persuasive
- Has goals and metrics

6-18

Much has been written about what it takes to be a good leader. The following is an attempt at synthesizing some of the material on leadership. The idea is that there are several common traits that appear in all leadership theses. These traits are required for those assuming a leadership role in acquisition reform.

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.7 Leadership (continued)

Vision Related Abilities

- **Looks ahead; sees opportunities**
- **Understands the need for change**
- **Values which overcome adversity**
- **Conveys opportunities to others in such a way that they become motivated**

6-19

Visionary — Leaders must look to the future and possess the ability to identify the direction or initiative which the organization must take in order to effect acquisition reform. Leaders must have the above-listed vision abilities.

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.7 Leadership (continued)

Communicating the Vision

A leader communicates:

- Where we are
- Where we should be going
- What it will be like
- How we can get there

6-20

Leaders understand the need to communicate. Posting notices, sending out letters, etc. will not suffice. Communicating requires more. A good communicator works with everyone to answer the questions delineated above.

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.7 Leadership (continued)

Seeing Systems

- **Acquisition is a system made up of many subsystems, and these subsystems are made up of a significant number of processes**
- **Systems/processes exist within environments**
- **Environments are always changing; change affects systems/processes**
- **Adaptation occurs when processes are changed to accommodate changes in the environment**
- **Leadership occurs whenever adaptation precedes the pain of not having adapted**

6-21

We have all seen or heard stories about someone who seemed to be in the right place at the right time in some business transaction, and we chalk it all off to “luck.” If we took the time to really analyze these situations we would see that luck was only a small part of it. The leaders in these “lucky” situations had spent a lot of time in the past analyzing the possible changes that could impact their organizations or processes and developed plans in case those changes actually happened or if the “window had opened.” Others in those situations suffered the pain and then tried to figure out some plan to accommodate the change. In most cases that is too late. There is no substitute for being a visionary.

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.7 Leadership (continued)

Alignment

- **Alignment occurs when everyone shares the same vision**

6-22

All stakeholders may not embrace new visions at first. There will always be a certain amount of resistance, no matter how good or proper an initiative is for an organization.

Plans for implementing acquisition reform Initiative should always include recognition of the various forms of resistance and strategies for overcoming the resistance. This is part of the process for obtaining alignment with a reform initiative.

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.7 Leadership (continued)

Proactive

The leader must:

- **Project a “we can do it” kind of attitude**
- **Enhance the self esteem and self confidence of others involved in the acquisition reform initiative**
- **Create an environment in which others enjoy their association with you and your initiative**
- **Recognize the contributions of others**
- **Maintain a high proactive inventory**

6-23

Leaders must project a positive image. The leader must not only communicate a new vision for an acquisition reform initiative, but live that vision as well. If a leader visibly demonstrates or behaves in accordance with a set of positive, progressive principles, then those involved with them will start to emulate that behavior.

Leaders generally have had time to work their way through the changes inherent in their initiative. The others involved with the initiative will need help in making that transition. The help may be in the form of esteem and confidence builders, tailored for each of those involved.

All of us have come in contact in our careers with a proactive leader. What were the characteristics of that relationship which created that positive atmosphere?

There is no substitute for recognition of the contributions of others to encourage continued or even higher levels of support from those involved in our Initiative.

We should always take the time to check our proactive inventory. In other words, how often do you encourage outstanding performance by recognizing people for a job well done, or thank people for their consistent quality support of the organization's acquisition reform goals? Don't bury the negative side. Reflect on the number of negative comments or expressions of dissatisfaction you have made to those involved in your initiative.

6.1 Teaming/Partnering, Leadership/Taking Initiative (continued)

6.1.7 Leadership (continued)

Persuasion

- **Leaders are persuasive**
- **Leaders relate the vision to the values of others**

6-24

As said before, leaders must recognize that not all of their Initiative are going to be readily embraced by others. To gain alignment, a leader must practice persuasion. This could take a very negative form — the “baseball bat” approach.

Today’s leaders must seek some common ground to build a foundation for acceptance or support of an acquisition reform initiative. This common ground usually takes the form of some values shared by the leader and others. Remember, you have established a vision which you firmly believe is good for the organization. This seeking of common values is not suggesting that the leader immediately compromise his/her objectives. Developing this foundation is the start of persuading the others to see the new vision not as a threat, but as a chance to ensure the success of the organization. In building the foundation, don’t be surprised that a change in point of view may be required — the other person’s, or maybe yours! Remain flexible.

The first thing a leader must do is probably the hardest. That is the temporary setting aside of one’s values. This may seem extreme, but remember, the leader is seeking a long-term commitment from the others involved in the initiative. Understanding what is troubling the others is important in winning their alignment. It is important to be as accurate as possible in identifying the other person’s values. That is difficult if you are looking at the situation through your own paradigms. The leader must keep exploring the other’s values until finding some values that appear common with his/hers. A possible foundation may form. When this foundation, or what some call a bridge, starts to form, people can usually resolve differences. Once dialogue is begun, persuasion follows.

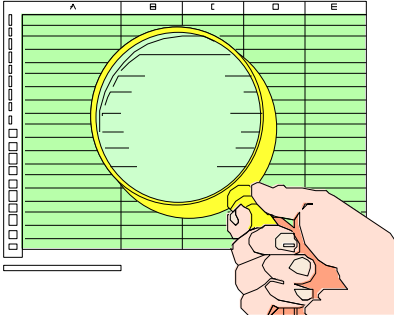
Note: Once you have communicated your vision and gained the support of others, don’t throw it all down the drain by not behaving in accordance with the new vision yourself.

6.2 Exercise: Planning the Future

Goals and Metrics

Success

- **Success in DON acquisition reform = ???**



6-25

The DON acquisition reform effort is made up of many principles and initiatives. Everyone from the Secretary of the Navy on down wants the effort to succeed. But how will we define success? Simply having a vision does not guarantee success. Stating some interim goals, while part of the answer, is not enough. The last part of the equation is metrics!

Having a vision — a necessary, but somewhat nebulous end objective, starts the process. Interim goals — or steppingstones moving towards the vision — are required.

But the true measure of whether any goal or the final vision is achieved requires metrics.

Developing metrics requires a lot of thought. Each goal may have one or more (a few good ones are better than many weak ones) metrics which when measured should provide a good indication that the goal has been achieved. The same can be said for arriving at the vision.

6.2 Exercise: Planning the Future (continued)

6.2.1 Small Group Activity: Development of Goals and Metrics

Instructions:

1. The class will be divided into the same small groups as the previous exercise.
2. Each group will select a new leader/presenter.
3. Each group will:
 - select at least two topics from the DON ABC's of acquisition reform principles, and
 - develop a set of goals and accompanying metrics for those two topics.

The intent is to provide the leaders of DON acquisition reform some suggestions on which steps to take to in order to achieve an aspect of DON Acquisition Reform and to identify the metrics needed to tell everyone when we have completed the steps. Prepare your results on either a flipchart or transparency format. The groups will be given 30 minutes to complete this part of the exercise.

6.2.2 Group Presentations

Each group's leader will present the group's results to the assembled class.

6.3 Instructor Wrap-Up

The instructor will facilitate the refinement and consolidation of the results from each group into a “consensus” package for submittal as the class-suggested goals and metrics for DON acquisition reform.

Module 7: Course Wrap-Up

Module Objectives

By the end of this module, the participants will be able to:

- Identify the target areas of the DON acquisition reform effort
- Plan for the application of acquisition reform back in their organization
- Knowledgeably discuss the nature and extent of acquisition reform with their co-workers

7-1

Module Theme:

The participants will discuss for the final time the key areas of DON acquisition reform. After that discussion, they will complete a questionnaire on their personal plans for acquisition reform in their organization.

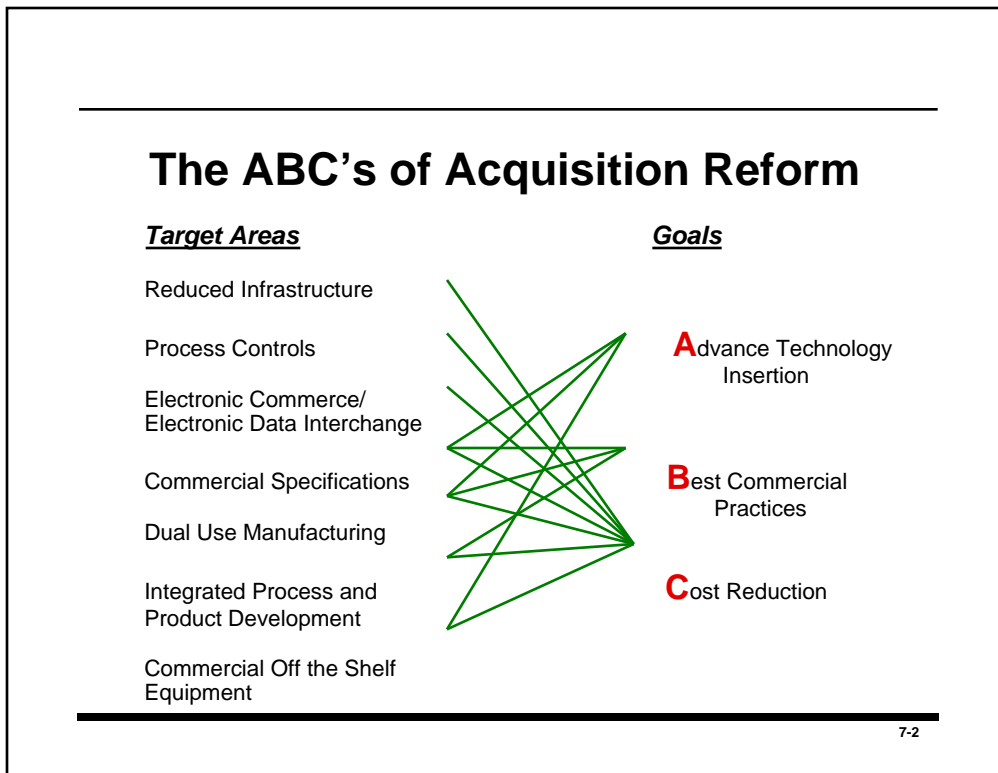
Training Method:

- Instructor-led discussion
- Exercise: Completion of questionnaire

Module Contents:

- 7.1 Target Areas of Acquisition Reform
- 7.2 Participant's Role in Acquisition Reform
- 7.3 Course Evaluation

7.1 Target Areas of Acquisition Reform



What are the key elements of acquisition reform?

Summarize the key points — can you explain the essence (the meat) of each of the ABC's and the supporting target areas?

How can I bring ideas to bear in my organization to enhance the acquisition reform initiative?

It's not going to happen within your organization without your continued support. You can't sit back and wait for somebody to bring acquisition reform to you. It requires your continuous input and energy.

7.2 Participant's Role in Acquisition Reform

7.2.1 Planning for Personal Involvement

Participant's Role

Personal involvement

- **My contribution**
- **Where can I help others?**
- **Where do I need assistance**

7-3

-
- Where can you start acquisition reform on my job or function?
 - How can I promote the initiative within my workplace?
 - How can I provide some leadership in acquisition reform?
 - Where will I need assistance in implementing acquisition reform? What kind of assistance? Can I be specific?

7.2 Participant's Role in Acquisition Reform (continued)

7.2.2 Exercise: Personal Involvement

Instructions:

1. The instructor will direct your attention to the questionnaire on the next page.
2. After silently considering the questions, provide your answers in the spaces provided.
3. The instructor will collect all of these sheets from the participants.

Notes:

- A. All of the completed questionnaires from these DON ABC's of Acquisition Reform courses will be entered into a central database for analysis.
- B. The analysis will provide information to the DON leadership on where the recently trained acquisition workforce sees the greatest opportunity for their personal contribution to acquisition reform, including modification of processes or removal of barriers, and promotion of the objectives of acquisition reform. Most importantly, the leadership will be made aware of where and what additional help should be provided to those attempting to fulfill the acquisition reform objectives.
- C. The resulting information will be synthesized and then publicized in the Acquisition Reform Update (DON Newsletter).

7.2 Participant's Role in Acquisition Reform (continued)

7.2.3 Exercise: Personal Involvement — Worksheet

1. Where can I start acquisition reform on my job?

2. How can I promote the initiative within my workplace?

3. How can I provide leadership in acquisition reform?


4. Where will I need assistance? What kind of assistance?

Acquisition Occupation _____ **Series/Grade Level** _____

DON Organization _____ **Years in Acquisition Workforce** _____

7.3 Course Evaluation

C Course Evaluation



- Questions
- Critique

7-6

Do you have any questions about the course materials or acquisition reform?

Please provide your objective feedback.

How can we improve the presentation.

What other topics do you think would be helpful to future participants?

Thank you for your participation!

Appendix B

Caselets

Caselet 1 — AH-1W Super Cobra, PMA 276

Caselet 2 — Shipboard Non-Tactical ADP Programs (SNAP III), PMW 164

Caselet 3 — The Standard Missile System, PMS 422. Theater Air Defense PEO

Caselet 4 — Shipboard P125 Portable Firepump, NAVSUP and NAVSEA

Caselet 5 — High Frequency Radio Group, SPAWAR PMW 152

Caselet 6 — Ground Proximity Warning System, NAVAIR PMA 209

Caselet 7 — AGOR and T-AGS Ships, NAVSEA PMS 325

Caselet 8 — Lapheld II Acquisition, NAVSUP

Caselet 9 — Partnering, NAVFAC

Caselet 4

Shipboard P125 Portable Firepump NAVSUP and NAVSEA

Objective:

- v To have the participants demonstrate their understanding of the ABC's of Acquisition Reform and their related principles by applying them to a real-world project.

Background:

- v The Navy needed an upgraded portable pump to replace the existing gasoline powered P250 portable fire-fighting pump now found aboard Navy ships.

Shipboard P125 Portable Firepump NAVSEA 03

Scenario

For years, the Navy used the P250, gasoline engine-powered, portable firepump to assist in fighting fires aboard Navy ships. The Safety and Survivability NDI Steering Group raised the issue of a non-gasoline engine-powered pump.

The first initiative was to look at the development of a JP5 (jet fuel) powered, spark-ignition engine variant of the P250 pump (not just another modified gasoline engine-powered pump). However, during early development some rethinking had to take place. The JP5 P250 pump was difficult to start, although it ran fine after it was started. In addition, it had a high maintenance and repair cost factor.

The firepump project office decided to counter these growing problems with the JP5 pump, by canvassing the commercial marketplace (market research) to determine whether or not there were any suitable, non-gasoline engine powered pumps available for shipboard use. The thought was that commercial ship owners may be using suitable pumps on their ships.

The indications from the initial market search were that the available commercial pumps could not satisfy the Navy requirements, particularly in the areas of output pressure and flow rates. However, after reviewing some laboratory test results with the Fleet personnel, the project office determined that commercially available pumps could extinguish typical shipboard fires. The pressure and flow requirements therefore, could be reduced to those of the commercially available pumps. Of the seven responses to the market search, one pump was clearly superior to the rest in terms of dependability, reliability, and continuous use. This pump was designated the “NDI pump”.

In 1993, laboratory and shipboard evaluation between the JP5 fueled spark ignition engine P250 pump and the NDI pump was completed. Both were tested in two different fire scenarios, a debris fire and a JP5 fuel fire. The results? Both put out the fire in the same amount of time. The P250 was consistently hard to start, and on some occasions never started. Additional test results showed that the NDI pump took one minute to start for each fire test. The P250 pump took up to 17 minutes to start in some of the timed evaluations. The shipboard tests resulted in the Navy relooking at the pressure and flow requirements for these pumps. Was the issues pressure and flow or the ability to put out shipboard fires in a timely manner? The shipboard tests also revealed that the NDI pump had some corrosion problems that were not found during the lab tests. The shipboard assessment showed that Fleet personnel were satisfied that a commercial pump could perform as required and identified that corrosion resistance should be a key part of the requirements.

Solicitation

The NAVSEA project manager made an assessment of the situation concerning the firepumps and made up a list of questions:

1. What kind of an organization should he set up to develop the acquisition plan and ultimately the solicitation for the new firepump?
2. What kind of a specification should be prepared for this procurement?
3. What should the offerors be asked to include in their proposals to validate their claimed performance for their pumps?
4. How should the Navy corroborate the offerors' claims?
5. What Military specifications may be required for this pump procurement?
6. What kind of source selection concept should override the entire selection process?

Task

Put yourself in the position of the project manager. What options are open to you? During your deliberations, discuss the questions posed by the project manager.

The Rest of the Story

The project manager utilized a team approach to developing the pump solicitation. The team had representatives from NAVSEA (the development activity), NAVSUP (the procuring/supporting activity), the Fleet (using activity) the contracting activity, legal counsel, and the testing and support activities. The use of the team approach allowed the procuring activity, the Ships Parts Control Center (SPCC) and the development activity to input the solicitation in a more unified manner. In addition, the user, logistics, contracting and legal issues were addressed prior to writing the solicitation rather than during the writing or later. This enabled the team to respond to solicitation questions and comments from the bidders in a more timely and accurate manner. The procurement proceeded without a protest due mainly to using a knowledgeable team approach.

The procurement specification, a purchase description, was in fact a performance requirement (minimum pressure, suction, maximum dimensions, corrosion control requirements, etc.) that met commercial marine practices. It did so without the use of Military specifications and standards. The purchase description was developed based on a market survey (knowing what was out there). It provided for the third party verification and testing aboard ship.

Each bidder had to include with its proposal the test results validating that its equipment met the performance requirements. The tests were done in a government-approved test laboratories after accomplishment of government inspections of the laboratories. All tests were done in these laboratories. The government did not do any of the testing.

There were minimum requirements that the contractor had to meet. For example, the pump had to operate for a certain number of hours continuously on one tank of fuel and the pumps had to interface with certain hose and fitting sizes.

The only Military specification references were to the oil and fuel to be used for the new pump. These were specified to preclude the introduction of new fuels or oils to those carried on U.S. Navy ships.

Source selection was made using a “best value” approach. The solicitation only specified the minimum requirements. Credit was given to those proposal test results that exceeded the minimum requirements in any area.

A third party was used for validation testing to preclude any claims of bias by either party.

The firepump acquisition process confirmed that every acquisition must address a total package. Design, development, production and test of the pump was important, but the pump was only part of the problem to be addressed. From a logistics perspective, the need for training manuals, repair manuals, maintenance requirement schedules, repair parts, and technical manuals must be specified in the solicitation. To maintain the “commercial nature” of this procurement, these non-elements must be specified without resorting to military specifications and standards. The commercially available pumps were developed by the manufacturers without invoking any military documents. The Navy would have had to absorb some very large costs if military logistics were imposed on the pump contract.

Caselet 5

High Frequency Radio Group SPAWAR PMW 152

Objective:

- v To have participants demonstrate an understanding of the ABC's of Acquisition Reform and their related principles by considering their application in a real world project.

Background:

- v Navy ships, aircraft, and shore stations need communications equipment that reliably provide radio linkage between them, whether the distance is short or long.

High Frequency Radio Group SPAWAR PMW 152

Scenario

The Navy needed a communication device for the tactical (close-in) and long haul (long range) radio services for ship-to-ship, ship-to-aircraft, and ship-to-shore situations. The device had to fit in the space vacated by the equipment it replaced. The device had to provide an open ended interface that would allow future upgrades to the equipment with minimum cost while retaining maximum utilization of all systems.

Solicitation

The Navy wanted to enter into a firm fixed-price contract for procurement of the radio equipment. The Navy manager assigned to this project understood the need to keep costs to a minimum and to acquire the new equipment without a long drawn out development and production effort. The manager knew that SPAWAR would consider innovative approaches to acquiring equipment to fulfill the Fleet's needs. The manager also knew that some of the innovative approaches that people talked about presented some new problems to a SPAWAR acquisition management team. The manager pondered the options available to him and the unique problems presented by these options. Some of the project manager's concerns included the following:

- What options were available to acquire the equipment?
- How would the Navy insure statement of work, specification and technical data requirements compliance using the new approaches?
- What were the degrees of risk associated with these new approaches?
- What evaluation criteria might be used to select the right equipment from the right supplier?
- Could losing offerors successfully protest the selection and award process if a novel approach was used to procure the new equipment?
- If non-developmental equipment was sought, how must the SOW and specifications be written? What deviations would be allowed between the demonstration equipment and the production equipment? What degree of "upgrades or minor modifications" would be allowable? Why should the Navy acquisition team be concerned about upgrades?

Task

Put yourself in the position of the Navy project manager. What options are really available to you for acquiring the radio equipment? During your deliberations on the options discuss the answers to the questions identified above.

The Rest of the Story

The Navy identified the project as the High Frequency Radio Group(HFRG). A solicitation leading to a firm fixed-price contract for design and production of the HFRG for ultimate installation of the equipment aboard surface ships was issued in 1991.

The solicitation encouraged offerors to propose non-developmental items (NDI). The solicitation indicated that the award would be made to the offer most advantageous to the government considering price, management, and technical factors, in that order.

The solicitation also contained evaluation criteria need to reconcile the concerns of the project manager, such as:

- Newly developed products or software could be fabricated, tested and delivered to meet all RFP requirements.
- Presentation of capabilities that were in excess of or less than the RFP requirements. Factors considered advantageous included:
 - Reductions in recurring or non-recurring cost
 - Physical characteristics of locating/installing equipment on ship platforms
 - Advanced system performance
 - Approaches intended to minimize schedule risk by providing deliveries sooner than required
- Demonstration that the equipment complied with the mandatory requirements of the solicitation, although the contract stated that limited modifications/upgrades would be allowed after contract award.

Three offerors responded. Only one of the three could demonstrate that its equipment met or exceeded all of the requirements of the RFP.

The losing offerors protested. Part of the losers' argument was that the demonstration requirement should have been made a mandatory requirement of the contract. The Navy won the protest!

As a result of the protest, the Navy had to be specific about certain contract provisions to preclude the winning offeror from changing equipment after contract award.

The project office also had to develop some way of evaluating whether certain commercial methods were acceptable as alternatives to the mil-spec methods. For example, in the case of Mil Std 275, which addresses the cleaning of circuit cards, the contractor proposed a commercial method. The project office had no way of evaluating the acceptability of the method before award, so the proposal was refused.

A firm fixed-price contract, with 1 to 4 option years, was awarded. The procurement method eliminated a lengthy design, development and production process.

Results

Three High Frequency Radio Groups have been delivered to date. Of the three, two were backfit on existing ships and the other was installed on a new construction aircraft carrier.

Caselet 6

Ground Proximity Warning System NAVAIR PMA 209

Objective:

- v To have participants demonstrate an understanding of the ABC's of Acquisition Reform and their related principles by considering their application in a real-world project.

Background:

- v Aircraft need a warning system that will notify the crew of an impending crash when the aircraft is flying too close to the ground.

Ground Proximity Warning System NAVAIR PMA 209

Scenario

An estimated 7 to 12 Navy/Air Force aircraft are lost each year because the pilot fly the aircraft into the ground. The Ground Proximity Warning System (GPWS) is a passive system that monitors aircraft inputs such as speed, altitude, navigation, and position of the landing gear, and emits an alarm warning that a crash will occur if the existing conditions continue. The Federal Aviation Agency (FAA) has required this system on all commercial large aircraft since 1975 and on all commercial commuter aircraft since 1994.

There are three different GPWS categories: Category 1 is a system for large multi-engine aircraft (P-3, C-9, etc.); Category 2 is for tactical aircraft already developed with no room for additional hardware; and Category 3 is a Navy-only system for helicopters. For purposes of this exercise we will only consider Categories 1 and 3.

Solicitation

The Navy decided to procure ground proximity warning systems for its Categories 1 and 3 aircraft. The Navy project manager pondered his options. Normally, the Navy would start a development effort for the new GPWS systems. The project manager was aware of past efforts in this regard and was not sure that was the way to go. Further, the project manager had been briefed on the Navy's acquisition reform initiatives and thought there might be a better way of doing business. He had heard about commercial off-the-shelf procurement, but was not sure how far he could go with that, afterall, these systems were intended for military aircraft. On top of all that, the project manager wondered if he should choose a course of action and pursue it for both systems. There was no GPWS available for helicopters, so he thought if he had to develop a new systems for helicopters why not develop new systems for both categories?

While going through these deliberations, the Navy project manager found out that the Air Force was considering putting GPWS systems on its aircraft. The Navy project manager started to think about how that information might impact his plans.

Instructions

Put yourself in the Navy project manager's position. What options really are open to you? What are your possible sources for these GPWS systems? What might the benefits be of "going commercial"? What logistical considerations must be reconciled? What kind of contract might you consider to obtain value for the Navy?

Discuss the following questions as your team develops the options open to the Navy GPWS project manager:

1. What might the differences be in inspection clauses for a standard Navy equipment development and production contract versus a commercial procurement?
2. Is the Navy the only regulatory body that enters into the picture?
3. How do you accommodate Navy unique operational and environmental requirements on standard Navy versus commercial procurements?
4. Can you really use commercial practices and specifications on military aircraft equipment procurements?
5. Would there be any benefit to joining up with the Air Force on these GPWS efforts?
6. What about COTS/NDI considerations for either of the two systems?

The Rest of the Story

The Navy project manager decided to follow two slightly different paths for obtaining GPWS systems for the two categories of aircrafts.

For the Category 1 aircraft GPWS, the Navy issued a solicitation for a commercially available GPWS system. The solicitation specified that the winning contractor had to provide a commercial system built on the same commercial assembly line as used for the contractor's commercial GPWS. The solicitation required the use of the same commercial technical manuals and training courses as those provided by the contractor for its commercial GPWS. Some software changes were made to make the commercial GPWS suitable for a military aircraft. The offeror ended up to be the same provider as that found on 90 percent of the GPWS equipped aircraft in commercial operation. While not joining in on the Navy contract, the Air Force used the Navy solicitation as the baseline for its GPWS procurement.

The Category 3 GPWS was a different story. Since no commercial GPWS existed for helicopters, the Navy thought it would be forced to start a new, full development effort for this system. The industry reaction to the Navy's draft solicitation revealed a willingness to pursue a modified commercial version of a GPWS. That reaction, in essence, permitted the resulting contract to be qualified as an NDI procurement. A lower estimated cost was another primary result. A "best value" contract was awarded to one of the offerors, based on technical performance, reliability, system integration, management, logistics, and, of course, cost.

Answers to the Questions

The GPWS procurement highlighted the differences between buying the Navy standard way versus a commercial procurement. One item of interest, the DFARS standard inspection clause that permits the Government on-site inspector to shut down the production line if the product does not meet the acceptance criteria, had to be waived. Shutting down the Government production line would also close the commercial production line.

Industry requirements and FAA requirements must be evaluated for applicability to military aircraft.

Eventhough these procurements are considered COTS/NDI, some special testing was required due to unique military operational, environmental, and mission requirements. The tests were conducted on representative articles before full production.

Jointness, no matter what form it might take, saves time and money. The Air Force saved a lot by using the Navy's solicitation for a commercial product.

In many instances, supporting a product with commercial logistics may be better than the military way. You must think of the long-term, reduced infrastructure impact of commercial logistics.

These procurements emphasized the need to question the "standard" way of doing business, particularly those actions that add cost, but do not add value or mitigate risk. Flexibility to use commercial equivalents where the commercial product or process is equal to or better than the "mil-spec" item is necessary.

The Results

The Category 1 GPWS has successfully passed “operational evaluation” (Op Eval). The Category 3 GPWS has been awarded as a NDI procurement rather than a full development effort. The Navy anticipates significant savings as a result of both of these “acquisition reformed” procurements.

Caselet 7

AGOR and T-AGS Ships NAVSEA PMS 325

Objective:

- v To have participants demonstrate an understanding of the ABC's of Acquisition Reform and their related principles by considering their application in a real world project.

Background:

- v The Navy is responsible for acquiring ships for uses other than the traditional "blue suit" Navy. These ships support the Fleet, but are operated by civilian crews.

AGOR and T-AGS Ships NAVSEA PMS 325

Scenario

The U.S. Navy procures some ships that are used by other than the normal Navy operators. The AGOR Class of Ships is used by such organizations as the Office of Naval Research (ONR), the University of Washington, Scripps Institute of Oceanography, and Woods Hole (MIT) for oceanographic research. Other types of ships, e.g., T-AGS, are owned by the Military Sealift Command (MSC) for the Naval Oceanographic Office. NAVSEA is not responsible for life-cycle support of these ships; NAVSEA only procures and supports the ship for the first year of operation. The Navy is not obliged to build these ships to Military or wartime specifications and standards. Although the ships must last 25 to 30 years or more, Military specifications and standards are only used if they are the best value. Some Federal standards may be used, for example, the U.S. Coast Guard requirements for fire fighting, safety, stability, etc., that are dictated for all U.S. commercial vessels. Third-party verification of these ships is done by the American Bureau of Shipping (ABS) which reviews ship designs and surveys/inspects the ships during construction and throughout the life of each ship.

Solicitation

The AGOR and T-AGS Ship Project Manager recognized that the Navy could not afford to procure these unique ships using the conventional methods of ship procurement, e.g., extensive, detailed ship specifications, thousands of invoked Military specification and standards, hundreds of invoked “build-to” and guidance drawings, and inspection in accordance with traditional standards.

The project manager needed to find innovative methods to state the Navy’s requirements. The shipbuilder needed flexibility to design and build the ships. On the other hand the Navy had to make sure that certain unique requirements were spelled out enough to insure these needs were fulfilled by the builders.

The project involved three different ship classes, the AGOR, the T-AGS-60, and the T-AGS-45 (a ship with a secure mission). The issue was how to buy these three ships at the lowest cost to the Navy without compromising mission-capability and quality.

To further compound the problem, the manager knew that these ships could incorporate a lot of commercial features and even some features that were “pushing the state of the art” for Navy research vessels. Each builder had certain design and shipyard capabilities which would result in differing ship designs and construction plans. How could the Navy design a source selection plan.

Task

Put yourself in the position of the project manager. What options are available to you to acquire these three ship types. During your deliberations discuss the following questions: What form or style of statement of work and specifications could the project manager use? How would you accommodate requirements that had to be “non-deviational”? What would be the overriding philosophy or concept of the selection process? Could you use the same form of contract SOW and specifications for all three ship type? What savings might be achieved in the area of paper deliverables? Do you have any thoughts on a logistics support concept for these ships? What would be your plan for related design and production processes such as QA, configuration management, inspection, etc.?

The Rest of the Story

The AGOR and T-AGS 60 Classes of ship procurements used a Circular of Requirements (COR) rather than the traditional detailed ship specification. The COR's generally were very basic and stated performance requirements that the ship had to meet. Sometimes, where space, weight, arrangements, etc. were of concern, specific requirements were spelled out in the COR. Certain enhancements and other desired features were listed in the COR. The shipbuilders developed a ship design based on the COR.

The AGOR 23 contract was a pure "Best Value" procurement.

The T-AGS 45 ship was procured using a detailed ship specification developed by NAVSEA. The unique nature of this ship's mission (security) demanded a more stringent procurement package. The specification called for "existing or equal" requirements found in existing military and commercial ships. For the most part, the equipment specified in this ship specification was commercial. The Navy determined that even commercial specifications had to be tailored in some cases.

For all three ships, the MSC relied on the Navy for initial support and for the first year for parts and training support. The shipbuilder was responsible for selecting all machinery, equipment, electronics and auxiliary equipment. The offerors had to meet the minimum requirements, but received additional points for adding enhancements without adding cost.

Contract Data Requirements List (CDRL) deliverables were required for the AGOR and T-AGS ship programs, but were highly streamlined with requirements kept to a minimum. For example, shipbuilder formats for data were encouraged and that saved the government money. The shipbuilder was responsible for configuration management, quality control, inspections, system interfaces, etc. The Navy administered the contract through periodic reviews and was ready to intercede as required.

The Results

The AGOR was delivered within cost and with the enhancements promised

The T-AGS-45 and 60 are still under construction.

Caselet 8

Lapheld II Acquisition NAVSUP

Objective:

- v To have participants demonstrate an understanding of the ABC's of Acquisition Reform and their related principles by considering their application in a real world project.

Background:

- v The Navy needed to provide their employees with portable computing capabilities.

Lapheld II Acquisition NAVSUP

Scenario

The Navy wanted to acquire new portable computing capabilities that were compatible with other systems, including hardware, software, and support that permitted the employees to achieve the most potential from the systems. The requirements also included the following:

- Systems shall have a selection of compatible peripheral devices, communications, software, warranty service, maintenance and replacement parts that will be used throughout the world.
- Systems shall be configured for portable, single-user applications and for connections to various government bulletin board systems and networks.
- Provisions must be made for ordering upgrades within the contractor's product lines to accommodate end user workload growth and changes in required configuration requirements.
- Two systems were required, i.e., a 16 bit notebook system, at 7 pounds or less fully configured, with battery, and an advanced 32 bit system, at 16 pounds or less fully configured.
- The systems would be used in many shore-based and shipboard environments.
- The latest hardware and software requirements were needed, including government-unique requirements, such as, a POSIX-compliant O/S Ada compiler for interfacing with unique, military-developed software programs.

Solicitation

The Navy project manager reviewed the task before him and noted the following:

- This procurement was going to replace the current Air Force contract for lapheld hardware, software and related services for use at DOD locations worldwide.
- The project is a continuation of the joint services Small Computer Requirements Contract (SCRC) Program of DOD.
- Civilian agencies will be allowed to purchase equipment off of this contract for up to 10 percent of the contract value
- DOD and the Military services wanted to make sure that during the life of this procurement the government could keep abreast and take advantage of new technology, and use it where it met their needs.
- This size procurement required safeguards to maintain the integrity of the procurement.

The project manager pondered all of the options available to him to make this a successful procurement. He recognized how fast technology turned over in the computer industry. He recognized that tying the government to too long a term contract might preclude the government from acquiring the latest technology in the near future. The project manager was also aware of the potential benefits of making acquisition reform and total quality management principles work in favor of both the government and the contractor. What to do, that was the question on the mind of this critical Navy project manager.

Task

Put yourself in the place of the Lapheld II Acquisition Project manager. What options are available to you. What principles of acquisition reform might be applied in this case? During your deliberations discuss the answers to the following questions:

- How do you insure advanced technology insertion in this procurement?
- How would you insure maintenance of integrity in this procurement?
- What kind of selection process would you recommend? How many steps?
- How many years would you cover in the contract?
- What would be your primary selection criteria?
- What kind of testing would you require?

The Rest of the Story

A fixed-price indefinite delivery contract (IDC) with an initial ordering period of 36 months with options for renewal for two years of maintenance and support only was awarded.

A Technology Improvements/Substitution Process (TI/SP) was included in the contract. The TI/SP included a mixture of management philosophies including TQM. A PAT was used to review the TI/SP process. The team consisted of government, contractor and user representatives.

The TI/SP also included different pricing methods to try and satisfy many different customer needs as possible.

The contract was awarded based on full and open competition using a combined low-price, technically-acceptable offer evaluation criteria. Best value was not used! Offerors submitted technical proposals and products for benchmarking during a Life-Cycle Test Demonstration. The award was made to the contractor offering the lowest overall evaluated life-cycle price for the five year contract.

Caselet 9

Partnering NAVFAC

Objective:

- v To have the participants demonstrate an understanding of the ABC's of Acquisition Reform and the related principles by considering their application in a real world project.

Background:

- v The requirement to develop, negotiate and administer a building construction contract in of \$30 million is no less demanding or complicated than a contract for a weapons system. In fact, traditionally, the administration of construction contracts had been more prone to claims and an adversarial environment than most other types of projects. There had to be a better way of doing business.

Partnering NAVFAC

Scenario

The Navy has a large hospital in Portsmouth, Virginia. It was the first military hospital built in the U.S. The site on which this hospital stands, including underground infrastructure, dates back to 1827. The current hospital is DOD's busiest. It serves more than 80,000 out-patients each month. The 104 acre site borders on estuaries of the environmentally sensitive Chesapeake Bay. The historic neighborhoods adjoining the grounds make land acquisition virtually impossible. Every square foot of land is either covered by buildings or parking spaces.

The work needed to be accomplished includes replacement of all underground utilities, construction of a five-story, 2,400 car parking structure, a new public works administration building, a clinical investigation/research facility, a new gymnasium and relocation of the Commanding Officer's Quarters.

The schedule for this work is tightly compressed and the local community, patients and hospital staff have concern about the impact of construction work on the area.

The Navy project manager realizes that this could be a particularly troublesome contract effort. There is a lot of potential for many organizations and interest groups to clash during the performance of this work. The project manager was aware of the history of claims generated on past contracts, and also aware of the forces people can bring to bear if they think the environment is threatened. All in all, the project manager knew that he had to do something to start this contract off on the right foot, but he was not sure of what the key to success really was. How could he make sure that the Navy and the contractor would work together to complete this job on time, within cost and without ending up in months or even years of litigation.

Solicitation

The Navy project manager had to work with the procurement and contracting people to prepare and issue a solicitation in a timely manner. The project manager pondered his options. Was there a tool or technique he could employ to start this contract off on the right foot?

Task

Put yourself in the shoes of the Navy project manager. Discuss the following questions. What options are really open to you? What tool or tools might you consider in this case? Are there any particular concerns or issues that need close attention by the Navy and the contractor? Can you contractually demand compliance to the use of new tools or the results of the new tools by the contractor?

The Rest of the Story

The Navy solicitation contained a proposal for the formation of a “partnership” between the Navy, the contractor and the subcontractors after award of the contract. By drawing on the strengths of each organization the partners would strive to:

- Achieve a quality project
- Do all work right the first time
- Complete the work within budget
- Complete the work on schedule.

The guidelines for the partnering effort were:

- The partnership would be bi-lateral
- Participation would be voluntary
- Costs associated with the partnership would be agreed to by both parties and shared equally with no change in contract price.

The partnership was written up in a charter.

- All parties signed the agreement
- The charter defined the operating criteria for the government/contractor “team”
- The charter defined the communication process to achieve maximum effectiveness of the team
- The charter with all of its signatures is not legally binding. It is symbolic of the commitment obtained from the stakeholders. (Note: The survival of a partnership is based on mutual trust and confidence by and in all parties.)

The partnership establishment process was:

- All parties signed up to the solicitation/contract proposal for forming a partnership
- An executive session was held and all major stakeholders/decision-makers participated
- A team building exercise was conducted
- Executive champions and project teams went through the same process
- The partnership charter was drafted, reviewed, and all comments reconciled.
- Obstacles to success were noted and discussed
- New Procedures and sub-charters were developed
- When all parties were in agreement, they signed the charter

Results

The partnership improved information flow. It enabled information to flow between the contractor teams and government teams in a more consistent and less adversarial manner.

It allowed both parties to identify and resolve problems. Time was not spent on hiding problems or trying to place blame.

It helped to identify the award fee expectations and enhanced everyone's actions to take advantage of the award fee contract's benefits to both parties.

The subcontractors were made part of the partnership. They signed up to the same criteria.

Most contract items were finished ahead of schedule, were of superior quality, and were accomplished without the need for litigation.

The positive atmosphere created by the partnering further supported by the positive and frequent communication, established good relations with the community and the hospital staff. For example, the construction contractor posted weekly bulletins detailing utility outages, road closures and site obstacles. These could have been significantly more disruptive to the daily hospital routine. The up front communications between all parties not only lessened the usual disruptions, but there were few surprises for a job of this magnitude.

The project won the Chief of Civil Engineer's Contractor Award.

What partnering did not do? The job site contractor supervisors did not have fun!